Bright outlook for Sears, Ward, catalog showrooms

	Answering machine		Video game machine		Educational software		Home computer		Computer program		Videotape recorder		Portable stereo		Personal stereo	
	'84	'85	'84	'85	'84	'85	'84	'85	'84	'85	'84	'85	'84	'85	'84	'85
Past purchase '84/might buy '85	2.8%	2.0%	10.4%	2.0%	5.6%	4.8%	5.8%	6.9%	11.6%	5.9%	5.6%	4.8%	11.8%	1.7%	10.4%	2.9%
K mart	3.0	3.0	12.1	9.8	9.0	3.2	9.6	1.9	6.1	8.9	1.0	1.5	5.1	1.9	5.9	7.0
Other discounters	4.5	9.9	18.9	18.1	6.6	8.5	6.0	6.8	16.7	7.4	8.2	7.1	12.0	6.2	17.4	9.7
Sears	6.0	11.9	14.2	23.0	12.3	7.9	10.8	4.5	5.3	3.3	11.3	16.0	10.1	18.5	7.9	12.0
Montgomery Ward	4.5	4.3	4.7	11.5	4.9	5.4	2.4	8.1	6.1	5.0	7.2	7.6	11.5	18.3	5.5	10.0
J. C. Penney	1.5	1.7	6.8	5.4	3.3	1.7	4.8	1.0	5.3	3.3	2.1	2.2	5.1	4.5	3.6	5.3
Department stores	10.4	7.5	6.3	1.7	4.1	1.7	3.6	5.4	1.0	2.2	17.5	5.7	10.6	4.3	6.3	8.2
Catalog showroom	10.4	12.3	6.3	4.2	6.6	5.7	6.0	4.1	4.4	8.6	7.2	1.3	10.1	9.1	9.9	16.5
Specialty stores	50.7	44.6	21.0	19.4	42.6	63.9	44.6	63.5	46.5	56.1	36.1	42.5	25.3	34.0	28.5	21.3
All others	9.0	4.8	9.7	6.9	10.6	2.0	12.2	4.7	8.6	5.2	9.4	15.6	10.2	3.2	15.0	10.0

Source: *Chain Store Age*/Leo J. Shapiro & Associates

	Blank cassette Tapes		Clock/radio telephone		Telephone	
	'84	'85	'84	'85	'84	'85
Past purchase '84/ might buy '85	11.6%	6.2%	5.3%	3.2%	28.5%	7.1%
K mart	5.2	16.5	1.3	1.9	5.4	6.7
Other discounters	13.4	14.2	12.7	8.3	12.5	9.7
Sears	5.2	2.7	11.4	14.0	1.0	3.9
Montgomery Ward	3.1	—	8.9	14.6	3.0	3.8
J. C. Penney	1.0	1.0	5.1	9.0	1.3	—
Department stores	9.3	3.8	11.4	5.6	2.7	6.0
Catalog showroom	1.0	5.3	10.1	14.4	1.7	12.8
Specialty stores	47.4	44.8	22.8	22.1	57.2	49.1
All others	14.4	11.7	16.3	10.1	15.2	8.0

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Home computers on horizontal path

If retailers need any confirmation of the volatility of the home computer market, the 1984 *CSA*/Shapiro study provides ample evidence. Consumer intention to buy a microcomputer in the next year remains at the same high level reported in the 1983 poll. This year 6.9% say they will buy a home console in the next 12 months. Last year 7% said they expected to purchase a home unit.

However, this year's study marks the first time in four years of polling that the intention to buy has leveled off. In 1981, 1.2% said they would buy a computer, and in 1982, 2.2% intended to buy. While interest in home consoles is still higher than for 37 other hard lines products studied, this year's results indicate that the vertical growth path for the category might finally be coming to an end.

If the poll's results hold true, industrywide sales in the next year will equal sales for the last 12 months. As the number of outlets offering home units continues to rise, many retailers might even expect to sell fewer than last year. Already, many general merchandisers admit off the record that first quarter sales are down from 1983.

Last year was also the first year in the study in which consumers actually purchased fewer units than they said they had intended to buy a year earlier. Consumers overestimated their purchases by over 17%. In 1983's study 7% of those polled said they might buy a computer in the next year. Only 5.8% actually did.

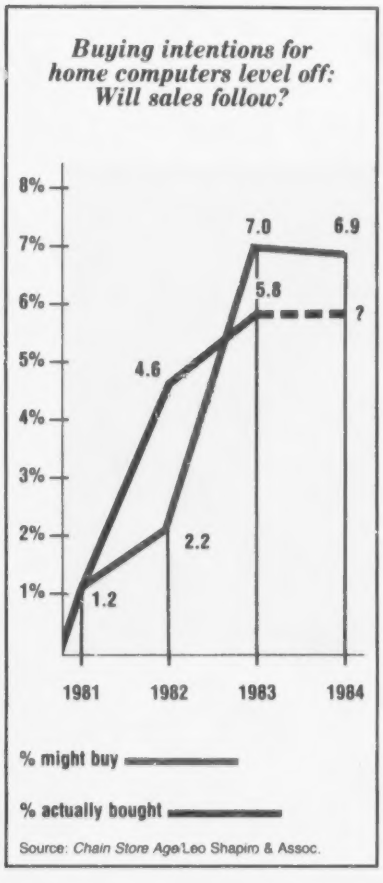
According to the poll, home computers are among the most deferrable of products. About 2 out of 3 consumers who say they might buy in the next year also say that they would delay their purchase if they decided to curb family spending.

The prospective home computer buyer is wealthy and well educated. Of those who have bought or might buy a home console, 83% report family income over $20,000, and 29% say that total income is over $40,000. Nearly 7 out of 10 cite at least some college experience.

The economic/educational profile of the home computer buyer has remained virtually unchanged for the last three years, and may spell trouble for the industry in the long run. Unless computer and software manufacturers can widen their customer base, sales will drop as computers increasingly penetrate and eventually saturate upper bracket households.

Ron Stegall, senior vp of computer marketing for Tandy's Radio Shack sounds a note of warning. "Five per cent of the population will buy a home computer, or anything new, simply because its new," Stegall says. "Another 5% will buy if you give them even the slightest

practical justification for buying it. Now we've got to sell the other 90%." □



Software sales show steady growth

Unlike computer hardware, sales of software programs show no sign of letting up. According to the *CSA*/Shapiro poll, 5.9% of United States households expect to buy computer programs in the next year, a gain of 34% over 1983's 4.4% consumer estimate.

In 1983 software consumers underestimated their buying patterns by 164% as 11.6%, or just about all households that own a computer, report they bought software programs in the last year.

This year the market appears even more active. Two out of three people who say they might buy computer programs in the next 12 months have done some shopping in the past 30 days. Last year, fewer than half the prospective buyers had actually begun shopping.

Shoppers expect to pay less for educational software

Price	% who plan to spend: Educational software	% who plan to spend: Other software
Under $19	4.0	5.7
$19-$30	10.5	13.3
$31-$50	14.1	6.3
$51-$99	3.2	4.5
$100-$149	4.9	5.6
$150-$299	6.9	5.8
$300-$399	2.3	5.0
$400+	23.3	30.9
Not answering	30.9	22.9

Source: *Chain Store Age*/Leo Shapiro & Assoc.

At the same time, consumers are unsure of what price they expect to pay for software. Over 1 out of 5 (22.9%) do not give an answer to this question. And when it comes to educational software programs, the figure rises to 3 out of 10 (30.8%).

However, in choosing a place to shop, price is less of a consideration among those who might buy educational software than it is for those who might buy other types of computer programs. For the educational buyer, selection is a greater deciding factor in where to shop.

General merchandisers equally divide the software market with electronic and computer specialty stores. Last year 44.8% report buying computer programs at mass market outlets, with 46.5% citing the specialists. □

Busy signal for telephone sales

Telephones were the hottest category in consumer electronics last year. Fully 28.5% of the households in the *CSA*/Shapiro study report buying a telephone in the last year. Actual consumer buying outpaced customer's stated 10.9% purchase intentions in last year's poll by an astounding 161%.

Though buying intentions for the coming year are down 35% to 7.1%, telephones remain the electronics category in which consumers express the most interest. But just who is interested and at what price is changing as the market for phones broadens. The market is moving to one that is slightly less affluent, less educated, and older.

Two years ago nearly 2 out of 3 (65.6%) households that had or might buy a telephone had total family incomes in excess of $20,000. For the first time 1984's poll also shows less than half (49.5%) of buyers with at least some college.

One of the fastest growing telephone customer segments is those over age 60. In the last year the over 60 group has grown 35% from 16.9% of telephone purchasers to 22.8% in this year's poll. One out of 5 telephone customers in the next year will be retired.

Perhaps reflecting these changes, what customers expect to spend for phones has dropped. Last year a retailer carrying a $25, $35, $55 and $125 assortment met the price expectations of nearly 3 out of 4 customers. In order to meet the spending patterns of an almost equal number of buyers this year, the retailer would have to drop the high-end model and add a low-end, under $20 machine.

Phone shoppers expect low-price assortment

Price expectations	'82	'83	'84	% change '82-'84
Under $10	—	—	0.5	—
$10-$20	2.8	6.0	15.4	+450.0
$21-$30	12.1	17.6	11.0	− 9.1
$31-$50	24.8	25.7	25.9	+ 4.4
$51-$99	19.8	14.7	15.7	− 20.7
$100-$149	13.1	15.0	6.3	− 51.9
$150-$199	2.8	3.0	2.5	− 10.7
$200+	3.7	2.6	2.5	− 32.4
Not Answering	20.9	15.5	20.1	—

Source: *Chain Store Age*/Leo Shapiro & Assoc.

Although 42% of potential telephone customers have no brand preference, among those who do state a preference, Ma Bell remains the winner. Nearly half (47.8%) of potential phone purchasers name Bell, AT&T or Western Electric equipment as their prime choice.

Telephone specialty stores were the outlet of choice for 47.8% of those who bought phones last year, followed by discounters with 17.8%, electronics specialists at 9.4% and the Big 3 catalog chains at 5.4%. □

The upsurge in telephone sales has not affected the answering machine market.

Narrow market for phone answerers

Consumer interest in owning a telephone has not spilled over to create similar excitement in owning a phone answering machine. According to the *CSA*/Shapiro study, 2% of those polled plan to buy a telephone answerer in the next year. This compares with the 2.7% who planned to buy last year and the 2.8% who actually did buy.

The market for telephones, driven by the breakup of AT&T and consumer perceptions of cost savings with added convenience, has broadened in the last three years. The market for phone answering machines has not.

The target customer for telephone answerers looks more like the narrow market for telephones of three years ago: highly segmented. The typical answering machine customer is under 35 years old (49.3%), professional or managerial (41.6%), earns over $30,000 (42.1%) and has no children (64%).

In short, the market for telephone answering machines is apparently driven by a single question: Is there anyone home to answer the phone?

One out of 2 (50.7%) answering machines were bought at electronics and telephone specialty stores last year. Among general merchandisers the catalog chains took 11.9%, department stores 10.4%, catalog showrooms 10.4% and discount stores 7.5%. □

Young professionals dominate phone answering machine market

	% might or have bought
Occupation	
• Professional	22.3
• Manager	19.3
• Sales	11.1
• Technical	5.1
Children	
• None	64.0
• One	18.0
• Two	14.3
• Three or more	2.8
Age	
• Under 35	49.3
• 35-54	31.2
• 55+	17.9
Income	
• Under $30,000	57.9
• $30,000+	42.1

Source: *Chain Store Age*/Leo Shapiro & Associates

VCR demand to grow 20% for '84

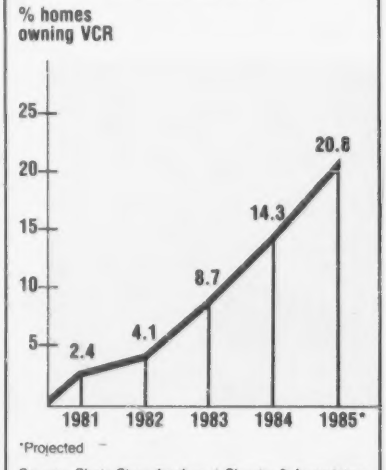
The market for video cassette recorders continues to grow with 4.8% of households polled in the *CSA*/Shapiro study reporting they might buy in the coming 12 months. This represents a 20% increase over 1983's already strong 56% increase in demand.

For the second consecutive year actual VCR sales have outpaced the number of respondents who planned on buying one. Nearly half as many shoppers report buying a VCR in the last 12 months than said they expected to buy in the 1983 study. If the current trend continues, *CSA* predicts between 5%-8% of United States households will buy a video recorder in the next year.

Tumbling prices are both feeding sales growth and changing where consumers shop for VCRs. Reflecting sharp price reductions in the marketplace, spending expectations have dropped 19% in the last year. The average amount expected to be paid this year stands at an all-time low of $528.

The reason consumers give for choosing a particular store also reflects last year's price drops. Price/discount is cited by 35% of respondents in the 1984 poll, as compared to 24% last year.

VCRs in 20% of U.S. homes by 1985



Source: *Chain Store Age*/Leo J. Shapiro & Associates

Specialty stores accounted for 36.1% of VCR sales last year, relatively unchanged over the last two years. General merchandisers, on the other hand, have increased their market share from 40.9% in 1982 to 54.6% this year.

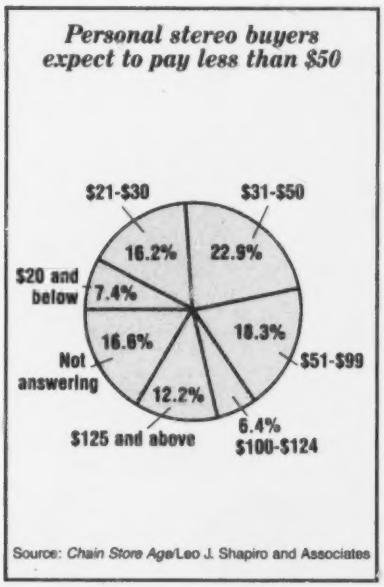
Consumers in the 1984 poll are also more brand conscious than they were even a year ago. In 1983 one-third of prospective VCR buyers did not have brand preference. This year 1 out of 4 (26%) do not name a preferred brand.

Of respondents who name a brand, Sony is the top choice, cited by 23.8% of those who intend to buy. RCA is named by 13.9%, followed by store brands at 9.3%. □

Consumers buy Walkmen on sale

Shoppers for personal portable stereos à la Sony's Walkman report price/discount is the most important factor in picking a store to shop. Forty per cent, the highest of any consumer electronics category in this year's poll, cite price as the primary reason for choosing a specific retail outlet.

Consumers also seem to be putting their sales dollars where their mouths are. Only 1 out of 5 (19.4%) say they bought their personal ster-



eos at the store's regular price. This marks the lowest regular-price sales figure for any of the electronics products in the 1984 poll.

When it comes to pricing the portable units, consumers are doing their homework. In last year's study, potential personal stereo buyers thought they would have to spend an average of $121. In 1984, price expectations have decreased to a more realistic $80 average, with a full 50% expecting to pay less than $50.

Though personal stereo buyers may expect to pay less, 62% still anticipate buying a nationally advertised brand. An additional 9.7% say they are considering store brands. Sony's Walkman may not be the one and only consumer choice, but it is the brand preferred by 4 out of 10 (40.3%) in this year's poll. Panasonic, named by 10.4%, is the only other brand listed by more than 1 in 10 respondents.

Just about as many respondents (2.9%) in this year's study expect to buy a personal portable stereo in the next 12 months as said they would in last year's poll (2.8%). However, in 1983 consumers grossly underestimated their buying intentions, as 10.4% actually bought a personal unit in the last year.

Last year consumers may have bought personal stereos when they discovered that they cost significantly less than they anticipated. As more and more prospective buyers have an accurate idea of what the portable stereos cost, consumers may be making more precise self-projections this year. □

VCR tapes: call for brands + price

Blank video cassette tapes may not be the commodity item many assume it to be, and it is precisely this fact upon which brand name tape manufacturers are depending. While videotape customers overwhelmingly shop for low price and convenience, according to the *CSA*/Shapiro study, they are also shopping for brand names.

Over half (51.6%) of respondents in this year's poll report price and discount were the primary reasons they picked the store they shopped for videotapes. Another 16.8% listed convenience and location as their top reason. Only 6.4% mentioned quality, and 4.8% answered selection.

From this information alone, it might appear consumers view videotapes purely as a commodity to be bought at the lowest price at the nearest location. While it is undeniably true consumers demand both discount and convenience, this year's poll also shows they demand brand name tapes.

Advertised brands are the choice for 64.7% of potential videotape buyers. Scotch tops the list, picked by 22.4% as their preferred brand. Maxell is the brand named by 8.8%, Memorex by 8.1% and Sony by

6.8%.

When asked to rate how strongly they want these brands, consumers show a higher brand loyalty toward specific videotape manufacturers than they do for any other consumer electronics category in the study. Nearly half (46.3%) say they definitely or almost definitely want their preferred brand. Only 2.2% report that brand makes no difference, the lowest ranking for the 11 electronics products studied.

The steep price decline for blank videotapes in the last year has narrowed the gap between brand and off-brand tapes, and many retailers have responded by dropping the off-brands from their assortment.

Over 1 out of 10 (11.6%) of those polled report buying blank videotapes in the last year. In the coming year the study shows 27% more consumers expect to buy a videotape than said they might buy in last year's study. □

Boom boxes are a family purchase

Stereotype may say that the market for boom boxes, high-powered, high-volume portable stereo systems, is limited to the young, urban underclass. Like all stereotypes, there's some truth here, but the *CSA*/Shapiro study puts much of that preconceived notion to rest.

Laborers do buy portable stereo systems at twice the rate of their proportion of the polling base.

Those under 20 years old purchase boom boxes at four times their proportion of the base. Nearly half (45.5%) who have bought or might buy in the next year come from families with four or more members. Hispanics buy portable stereos at nearly twice their proportion of the polling base.

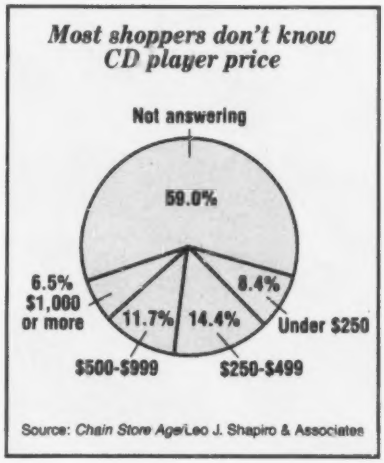
Two out of 3 respondents who bought a personal stereo in the last year report that they bought on sale. This represents the second-highest incidence of bargain buying in the study.

But such information tells only half the story. Two-thirds of respondents who have bought portable stereos in the last year or might buy this year have total family incomes over $20,000. Fully 20.5% report family incomes in excess of $40,000. Six out of 10 (59%) have at least some college education, with 9.7% reporting post graduate study. One out of 3 (34.4%) is between the ages of 30 and 40.

The more accurate characterization of the portable stereo system buyer, according to the poll, is a middle- or upper-middle class family with children. Boom boxes are more likely found at backyard barbecues and summer homes than they are on city streets.

Last year 11.8% of those polled say they bought a portable stereo. In the next 12 months only 1.7% expect to buy. Over 1 in 4 (26.7%) of portable stereos sold last year were bought at the Big 3 catalog chains. Portable stereos are the only consumer electronic category for which the mass merchants outsold electronics specialty outlets.

Half of those who expect to buy in the next year expect to pay over $150, and half expect to pay under that amount. □



CD player sales to increase 180%

Less than 1 out of 3 (28.1%) respondents in this year's *CSA*/Shapiro study have ever heard of a compact disc player. Almost 9 out of 10 (86.4%) say they definitely will not buy a CD player in the next 12 months. Yet the audio laser disc players are pegged by most retailers as a growth category for the next year.

The study provides some factual basis for the retailer's optimism. According to the poll, 0.5% bought a CD player last year. In the next year 1.4% report they definitely will buy, and an additional 8.7% say they may buy in the next 12 months. This represents a potential sales increase of almost 2,000%. Even if only those who say they definitely will buy are considered, next year's sales increase will hit 180%.

Identifying the target customer for compact disc players may be more difficult. The only distinguishing characteristics that separate those with high interest and low interest in the laser disc machines are slight differences in age and income.

The prospective CD player purchaser is somewhat younger. Over a third (34.5%) of those saying they are very interested are under 30 years old. Of those with low interest, only 11.9% are in the under 30 group.

CD player buying prospects also have slightly higher incomes. Those with high interest in purchasing have an average income of $24,700 while those with low interest report average total family income of $22,300.

Most consumers expect to pay about $510 for CD players, but 3 out of five (59%) of those interviewed have no idea what the units cost.

While the market seems, at least for the near future, limited to the true audiophile, the *CSA*/Shapiro poll shows that the target customer expresses enough interest to carry the new product through its initial birth pangs. As prices continue to drop, the potential for a wider market will grow.

The Electronics Industries Association projects that 400,000 compact disc players will be shipped to dealers in 1985, a 100% increase over 1984 when an estimated 200,000 units were shipped. Last year was the first year of introduction for CD players when 35,000 units moved from factories to dealers. □

Cablecasts create component market

The increasing number of cablecast services appears to be creating a market for big ticket televisions with more advanced video and audio capabilities. According to the *CSA*/Shapiro poll, 15.2% of respondents report they have high interest in owning a component television system.

In the next year 1.7% of those polled definitely expect to buy a component TV, with another 9.6% saying they may buy. Last year 2.8% reported buying the sophisticated receivers. The study indicates a potential 300% increase in the next 12 months.

Though just about half (52.9%) of respondents have never heard of component television systems, about one-third (33.5%) say they have. For a comparatively new product, this represents a fairly high recognition.

Consumers expect to pay an average of $719 for component sets. Half (49%) of those who expect to buy in the next year will shop electronics specialty stores. Another 17.7% anticipate buying at full-line department stores.

Families with high interest in owning component systems look very much like those interested in other new high-tech products such as computers and advanced audio equipment. The high interest group for component sets earns an average $24,300, while the low interest group reports total family income at $22,600. □

***Overall, housewares consumers** believe they are good shoppers, always with a keen eye for sale promotions.*

Price rebounds in importance

K mart's effort to upgrade its image is right on track with consumers. They noticed a difference. Selection and quality are cited by more consumers this year than last as a reason to shop the discounter for housewares according to a *CSA*/Leo Shapiro study.

At the same time, for every segment of the market except mail order and factory outlets, price/discount increased its response rate to levels higher than found in the '83 study, and in some cases, even higher than in '82.

Reflecting K mart's efforts at many of its location's to upgrade presentation and mix, 10.6% of consumers cited the discounter in this year's study for quality—up from 3.3% in '83. This is a strong improvement over '82 when no one said they shopped the discounter due to quality. Similarly, the mention of selection as a reason to shop K mart also improved.

Over the past three years, mail-order stores have shown the largest decrease in being shopped for price. Instead, satisfaction with past experiences and convenience—each cited by one-quarter of consumers polled—take precedence with today's time-poor consumers.

The Big 3—Sears, Penney and Montgomery Ward—get good marks for satisfaction with past experience with Ward also getting approval for location/convenience.

Considering the importance of price, its not surprising that today's shoppers buy items on sale. Except for bathroom scales which had a large percentage of shoppers not answering the question, at least 1 out of 2 shoppers purchased the (six specific housewares) items tracked on sale. Vacuum cleaners were purchased on sale by 63.3%.

Brand preference varies among housewares shoppers. Six out of 10 have no preference when purchasing a bathroom scale while 46% have none for microwave cookware. For the other four categories, more than one half prefer an advertised brand.

Overall, housewares consumers believe they are good shoppers. On a scale of 1 to 9 with 9 being outstanding and 1 poor, the scores range from 6.19 for microwave bakeware shoppers to 7.13 for shoppers for electric mixers.

This is good news for self-service stores like discounters and catalog showrooms where little product information or demonstration is available. □

Consumers want microwave ovens

Today's baby boomers are prime prospects for buying micro-

Microwave oven sales continue hot pace

	Microwave oven		Electric Mixer		Vacuum		Microwave Bakeware		Bathroom scale	
	'84	'85	'84	'85	'84	'85	'84	'85	'84	'85
Past purchase '84/might buy '85	8.2%	5.8%	4.2%	1.5%	15.4%	5.2%	10.6%	4.2%	10.0%	3.9%
K mart	1.7	5.4	10.9	13.6	2.4	3.0	6.7	10.3	11.1	18.8
Other discounters	5.0	1.8	30.4	10.6	7.3	12.2	10.8	22.0	16.7	21.9
Sears	16.7	20.8	5.4	18.5	27.4	34.1	15.0	21.8	12.2	14.9
Montgomery Ward	11.7	5.0	7.6	17.1	9.6	11.6	5.8	1.6	8.9	15.3
J. C. Penney	3.3	7.8	2.2	4.9	3.0	2.7	7.5	8.0	4.4	5.8
Department stores	5.0	11.5	12.0	11.4	7.9	9.7	20.0	14.4	6.7	6.8
Catalog showroom	3.3	5.0	7.6	14.6	6.7	7.9	5.0	8.4	17.8	10.8
Specialty stores	45.0	39.2	1.1	5.9	17.7	8.2	1.7	1.6	3.3	1.7
All others	8.3	3.5	22.8	3.4	17.8	10.6	27.5	11.9	18.9	4.0

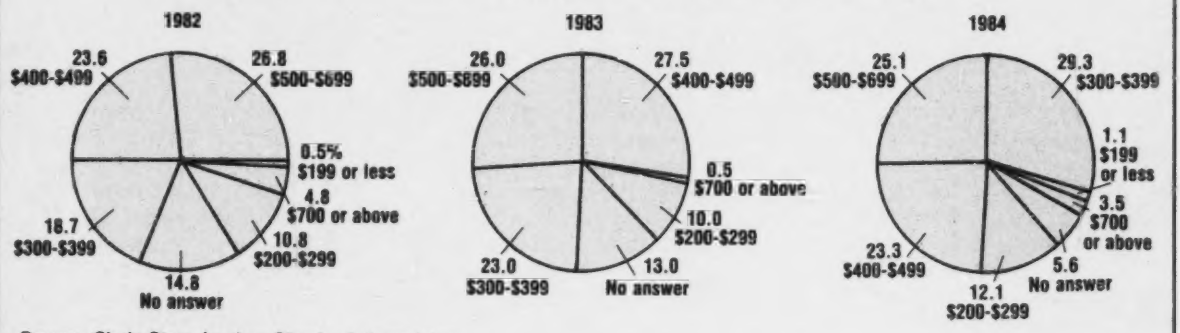
Source: *Chain Store Age*/Leo J. Shapiro & Associates

*Price jumps back into top spot for housewares shoppers**

Reason for shopping	K mart			Other discounters			Sears			Ward			Penney			Department store			Catalog showroom		
	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %
Price/discount	63.2	69.9	73.3	74.7	58.6	83.2	22.3	20.9	23.6	28.5	17.5	19.5	4.2	26.7	33.1	43.2	18.5	25.5	75.4	67.2	80.7
Selection	7.4	3.9	6.0	2.0	9.3	—	8.0	14.4	4.5	—	12.5	5.3	14.3	31.8	7.9	15.4	25.2	13.4	6.8	6.2	2.6
Quality	—	3.3	10.6	4.9	5.7	2.0	23.1	15.4	18.1	—	—	16.8	4.3	5.0	18.0	9.7	17.8	7.7	6.8	5.3	9.3
Satisfaction/past experiences	5.7	5.2	—	0.7	3.0	10.5	14.0	13.1	19.8	28.7	9.6	18.8	4.3	5.0	18.0	12.8	10.3	15.7	—	7.0	2.4
Location/convenience	18.2	15.0	14.7	13.6	15.8	6.6	13.7	14.4	11.5	10.9	22.2	23.4	—	15.7	9.3	13.5	10.2	18.5	4.8	10.2	5.6
Have an account there	—	1.3	—	—	2.5	—	2.0	8.4	6.7	20.9	16.0	9.2	29.4	10.1	16.2	1.1	7.6	4.0	—	4.0	2.4
Service/repair/guarantee	1.8	—	2.1	0.8	—	—	10.2	7.1	5.5	—	—	3.7	4.2	—	5.7	1.9	0.7	9.0	—	—	—
Other/not answering	3.7	1.4	4.4	3.3	5.1	4.6	6.7	6.3	5.7	5.6	13.3	4.5	25.6	0.1	4.1	2.4	9.8	10.4	6.2	0.1	3.1

Source: *Chain Store Age*/Leo Shapiro & Associates
*May add up to more than 100% due to multiple answers

Consumers cite $300-$399 as most popular price point for microwave ovens



Source: *Chain Store Age*/Leo Shapiro & Associates

wave ovens in the coming 12 months. These upscale, time-poor shoppers will continue to boost sales and keep the microwave market vibrant.

While fewer households polled in this year's *CSA*/Leo Shapiro & Associates study say they plan to buy a microwave oven in the coming 12 months than in the '83 study, the interest is still well above levels measured in '82 and '81. The percentage of consumers who are actively shopping the market for a microwave is, however, higher than in '83.

The shopper profile reveals a 25- to 29-year-old white-collar professional earning $25,000 to $30,000 and either living alone or with one other person. These consumers may be setting up housekeeping for the first time and a microwave oven is one priority.

But the potential buyer is not motivated just by a desire to get the lowest price. Although price/discount is still the leading factor (36.8%) in deciding where to shop (and 54.9% bought their last microwave oven on sale), the second most frequently mentioned response is satisfaction/past experience (15%) —something mentioned by a mere 3.4% in '83.

Consumers are also planning to make this purchase at different outlets. In tracking microwave oven sales over the past three years, Sears has suffered the biggest swings in consumer affection. Cited by 35.1% of consumers polled in '83 as the place they might buy a microwave oven (up from 24.5% in '82), only 20.8% pick Sears in this year's survey.

While Sears remains the actual leader in market share, Montgomery Ward and the catalog showrooms are all nipping anxiously at the leader's heels, trying to grab some of the share. And, the survey indicates they are making some gains.

Fewer households report buying a microwave oven from Sears in the last year. Just 16.7% bought one there as opposed to 33.3% who purchased one at Sears in '83 and 20.7% in '82.

Consumers may feel that Ward and the catalogers offer better prices on dependable brand name goods, an important consideration since 58.5% of consumers polled want an advertised brand. Only 15.9% choose a store brand.

Prospective buyers have an idea of how much they plan to spend, but the mean amount of $433 is high, indicating shoppers are not totally clear on the cost of these ovens. For example, the dmm for a southeastern discounter says $200 is the best-selling price point and plans to offer consumers a selection of ovens that will retail between $150 and $250. □

Newness will help bakeware sales

Consumer intention to buy microwave bakeware and accessories has remained fairly consistent between '82 and '84 based on

Specialty store			Mail order			Factory outlet		
'82 %	'83 %	'84 %	'82 %	'83 %	'84 %	'82 %	'83 %	'84 %
50.0	27.9	33.2	61.4	51.7	11.3	71.0	66.1	57.1
18.1	17.0	14.3	—	12.6	4.2	—	7.0	17.8
11.7	18.0	14.0	23.3	18.5	10.4	15.9	—	9.9
2.8	12.1	16.6	—	—	27.5	—	—	4.2
4.4	10.9	4.0	8.8	—	25.4	—	—	6.7
3.9	—	—	—	17.2	1.5	—	—	14.2
4.2	4.2	6.2	—	—	2.1	—	—	—
4.9	9.9	5.4	6.5	—	8.8	13.1	26.9	—

yearly surveys by *CSA*/Shapiro.

Currently, 4.2% of all households surveyed indicate they may buy microwave cookware during the coming 12 months. The studies also show that about twice as many consumers usually buy during the year as say they might.

This purchase is something of an impulse buy which retailers can take advantage of by cross merchandising and clever promotions. Many already have a selection of accessories with cookware and with microwave ovens.

Since the business is relatively stable, retailers and manufacturers could rest on their laurels and depend on the consumer for continued sales.

But this doesn't seem to be the case. Discounters are increasing their assortments, and many retailers are taking advantage of the lack of consumer loyalty to any one brand to develop private label and imported merchandise.

New, smaller introductions for the newer compact ovens and a SilverStone-coated microwave line due out this fall have retailers excited. "The SilverStone microwave cookware should really boost our normally good business," says a buyer for a 15-store southeastern department store.

The consumer, however, must be satisfied on price first and selection second. Advertised brands are preferred by 38.1% with store brands getting approval from 15.9%. The percentage of consumers who have no brand preference at all is up slightly to 46%.

Consumers who do want a brand are more aware of which manufacturer makes the products this year. Corning is chosen by 15.4%, Pyrex by 6.7% and Litton by 6.2%. No matter what brand is chosen, consumers are sale conscious as two-thirds report having last purchased microwave bakeware on sale. □

Shoppers plan to spend less for microwave bakeware

	1982 %	1983 %	1984 %
Under $5	16.0	6.2	5.1
$6-$9	3.9	1.1	1.9
$10-$12	4.0	6.2	10.2
$13-$14	—	—	1.3
$15-$18	3.0	3.3	1.7
$19-$20	3.3	7.5	4.4
$21-$25	5.5	2.6	6.1
$26-$30	2.1	3.6	7.5
$31-$35	0.5	—	3.1
$36-$50	4.8	10.6	2.3
$51-$99	7.8	2.6	—
Over $100	15.2	18.3	17.4
Not answering	33.9	38.0	38.4
Mean	$116	$137	$106

Source: *Chain Store Age*/Leo Shapiro & Associates

Branded vacuums clean up sales

Retailers can really clean up on vacuum cleaner sales by offering the consumer brand name goods at promotional prices according to the *CSA*/Shapiro study.

The big winners this year are Sears, Montgomery Ward and catalog showrooms, all showing increases in market share points, with specialty stores coming up the big losers.

In '84, 27.4% of all households polled who reported buying a vacuum during the year made the purchase at Sears. For the prior year, only 18.1% bought one there. Ward's response went from 5.7% in '83 to 9.8% in this year's study while catalog showrooms showed similar gains jumping from a mere 1% to 6.7%.

Specialty stores were mentioned by 24% in the '83 study as the place they might buy a vacuum, yet just 17.7% did so. In this year's study 8.2% say they might buy from a specialist.

The '84 study shows a marked increase in the importance of price/discount to potential buyers in choosing where to shop. The mention of price by 28.9% is almost double the 15.7% who mentioned it in '83 when satisfaction/past experience was the top rated reason for shopping a store. This year satisfaction was cited by only 12.8%. Nearly 2 out of 3 vacuums were bought on sale.

Hoover pulls best

	%
Hoover	45.2
Sears/Kenmore	16.2
Electrolux	11.2
Eureka	6.2
Kirby	2.6
Regina	1.6
Singer	1.6
Other	14.4

Source: *Chain Store Age*/Leo Shapiro & Associates

In both years, however, the vacuum customer has shown a sharp inclination to buy either advertised or store brands. Just 1 in 5 shoppers has no brand preference at all. Three out of 10 say they definitely want a branded appliance.

Consumers who say they may buy during the coming year expect to spend less than in '83. The mean amount is just $155 compared to $213 a year ago. □

Razors shave off a piece of business

Retailers promoting electric razors on endcaps or at checkouts may have an opportunity to increase sales on this item come Christmas.

This year's *CSA*/Leo Shapiro & Associates study indicates that razors are an impulse item. Just 1% of all households polled report they might buy an electric razor during the coming year although 6.3% actually made a purchase during the last year. Underscoring the impulse nature of the purchase, the category has the lowest percentage of households actively shopping the market of all items tracked in this year's survey.

Retailers say there are two major

Norelco preferred by nearly half of consumers polled	
Brand	**%**
Norelco	**49.7**
Remington	**30.2**
Store brand	**14.7**
Panasonic	**3.4**
Other	**2.0**

Source: *Chain Store Age*/Leo Shapiro & Associates

surges during the year for razor sales—just prior to Father's Day and Christmas. The item makes a practical gift, one that's not too expensive. Consumers who say they might buy during the coming 12 months plan to spend an average of $39, although 54.4% who bought a razor in the past year say they purchased it on sale.

The typical shopper suggested by the study is older (50.3% are over 50), better educated with a family income of $40,000 or more. There is one child in the household between 12 and 17-years-old.

The majority of consumers who say they might buy do agree on two things: 6 out of 10 shop a particular store due to price, and 68.1% want an advertised brand. □

Mixed reviews on mixer prices

There is an electric mixer for every type of consumer, and consumers seem to reflect this in the broad range of prices they expect to pay for the item.

While 20.9% of consumers polled in this year's *CSA*/Leo Shapiro & Associates study expect to pay $36 to $50, another 12.5% say $51 to $99. Yet another group—15.2%—would spend between $150 and $299. There is also a market for low-end mixers with 19.1% of consumers expecting to pay under $20. Only 1 in 10 was unable to answer the question.

Retailers who can appeal to a large segment of consumers by offering broad assortments at promotional prices may be able to increase their mixer sales. For example, Best Products offers the KitchenAid "Gourmet Pak" mixer for under $300, a Sunbeam 12-speed mixer for $98 and several models under $20.

***Consumers want** product assortment.*

Based on the selection, brand names and low prices at showrooms, almost twice as many consumers say they might buy a mixer at a showroom during the coming 12 months as bought there in the past year. Consumers show an indication they are moving away from discounters who often do not offer a full product assortment especially at the upper price range.

Mixers appeal to larger families			
Item	**Three or more people in household**	**Household income over $20,000**	**Over 30 years old**
Microwave oven	**53.5%**	**70.7%**	**69.8%**
Microwave bakeware	**62.2**	**71.1**	**66.2**
Vacuum cleaner	**61.7**	**67.3**	**71.7**
Bathroom scale	**55.9**	**68.4**	**62.5**
Electric razor	**55.7**	**71.7**	**80.4**
Electric mixer	**65.7**	**66.1**	**76.4**

Source: *Chain Store Age*/Leo Shapiro & Associates

Of all six housewares items tracked in this year's study, mixers has the highest percentage (33.9%) of families reporting a family income under $20,000 or reporting three or more children in the family (15%). □

No advantage to branded scales

Despite the attention today's baby boomers pay to appearance, diet and exercise, fewer consumers aged 20 to 39 polled in this year's *CSA*/Shapiro study say they might buy a bathroom scale during the coming year compared to a similar study in '83.

While 3.4% of all households interviewed in '83 said they might buy a scale during the coming year, 10% did. In this year's survey, 3.9% of consumers say they might buy, so retailers may project at least a similar sell through for the coming 12 months.

There has been no great surge of interest in scales. Even the introduction of electronic digital scales failed to build the market.

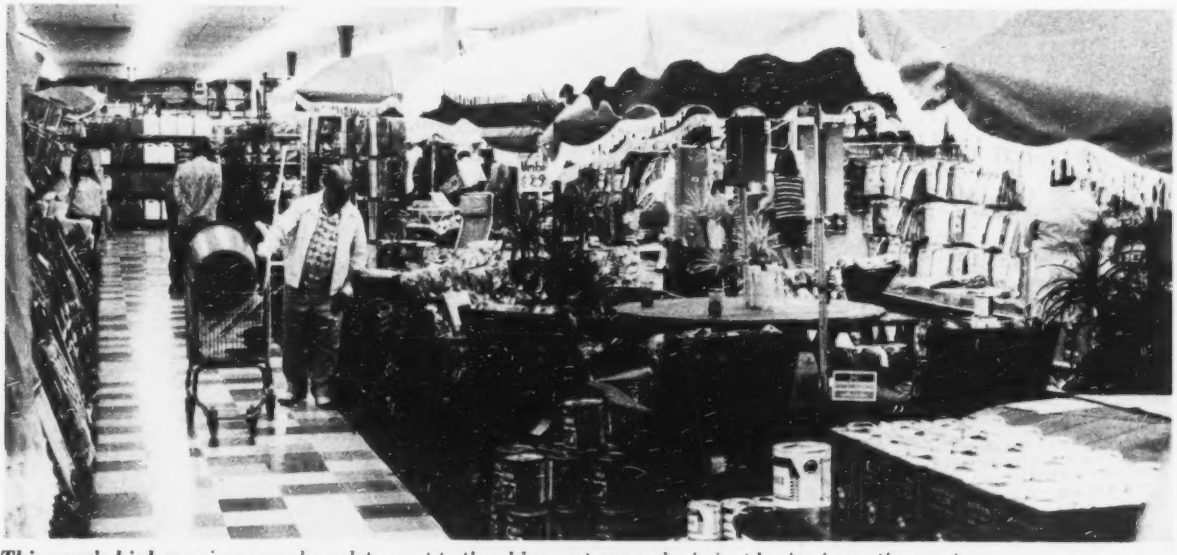
These new scales often retail for about $50 or more, yet only 8.8% of consumers expect to pay that much for a scale. The average price is $26, down from $27 in '83.

Brands have not grabbed shopper's fancy in this category with 62% having no brand preference at all—the highest percentage of any housewares item tracked. Of the remaining shoppers who do want an advertised or store brand, only 17.1% are definite about wanting that particular brand.

The only major change in where shoppers might buy is a shift toward catalog showrooms which goes from 5% in '83 to this year's 10.8%. □

Twice as many consumers choose scales under $15 in '84		
	1984 %	**1983 %**
$9 or less	**1.4**	**2.0**
$10-$12	**15.5**	**8.5**
$13-$14	**2.0**	**—**
$15-$16	**13.7**	**14.7**
$17-$18	**3.6**	**3.0**
$19-$20	**11.8**	**20.4**
$21-$25	**7.9**	**11.9**
$26-$30	**12.4**	**14.2**
$31-$35	**5.7**	**4.2**
$36-$50	**4.2**	**6.4**
Over $50	**8.8**	**5.1**
Mean	**$26**	**$27**

Source: *Chain Store Age*/Leo Shapiro & Associates



***This year's higher** prices may be a deterrent to the older customer who is just beginning retirement.*

Patio furniture price a concern

The market for patio furniture in the next 12 months could slow up considerably compared to 1983. The *CSA*/Leo Shapiro & Associates data suggests that this year's anticipated higher prices may act as a deterrent to the shopper, an older customer who is planning for or just beginning retirement.

In this year's study, 41.3% of those who have or are planning to buy patio furniture are 45 years old or older vs. 36.3% who were that old in the '83 study. Additionally, 39% are between the ages of 30 and 44 compared with 41.7% in 1983. One out of two have family incomes below $30,000, similar to last year's survey.

Over the past 12 months, this older customer has become increasingly concerned about patio furniture prices. Discount or low price was the No. 1 factor influencing 37.9% of this year's shoppers. Last year, it was mentioned by 27.2% of those polled. (Selection and quality were the second and third motivators each year.) Moreover, 1 out of every 2 polled this year bought the merchandise on sale.

Fueling their concern is the higher average anticipated price of $426, a $67 increase over 1983. In fact, 35.2% expect to pay between $200 and $499 during the next 12 months compared with 1 in 3 who anticipated this range in 1983.

Higher prices deter sales

Anticipated price	1984	1983
$99 and under	5.0%	13.3%
$100-$124	15.6	8.4
$150-$199	7.2	7.8
$200-$299	19.0	16.2
$300-$399	9.2	11.3
$400-$499	7.0	6.0
$500-$699	8.5	11.3
$700 or more	13.1	7.2
No answer	15.4	18.5

Source: *Chain Store Age*/Leo Shapiro & Associates

Shoppers are not as concerned with brands as they had been previously. Nearly 72% of the '84 shoppers said they had no brand preference vs. 55.3% of the '83 group. Of the '84 who expressed a brand preference, 37.9% want a store brand and 62.1% specified an advertised name.

Following last year's shopping patterns, 66.6% of the '84 buyers made purchases almost equally at discounters, the Big 3 catalog chains and product specialty stores. □

Promos heat up barbecue sales

Hot price promotions stir up barbecue grill sales, indicates the 1984 *CSA*/Leo Shapiro & Associates study. Of all products tracked, this outdoors item had the best response rate to promotions,

Sears dominates lawn and garden

	Leaf blower		Barbecue grill		Patio furniture		Electronic bug killer	
	'84	'85	'84	'85	'84	'85	'84	'85
Past purchase '84/ might buy '85	1.5%	0.4%	11.6%	4.1%	4.5%	2.7%	2.8%	1.6%
K mart	—	11.8	6.0	9.3	7.6	1.8	2.0	5.1
Other discounters	5.3	—	14.6	23.1	15.2	12.5	8.0	13.0
Sears	36.8	35.4	14.6	16.1	10.6	24.0	22.0	29.3
Montgomery Ward	5.3	18.0	9.9	8.1	10.6	9.1	4.0	25.4
J. C. Penney	—	—	1.3	1.2	1.5	5.5	—	—
Department stores	—	—	5.3	4.8	9.1	14.0	4.0	1.2
Catalog showroom	5.3	—	8.6	12.3	7.6	2.5	8.0	6.2
Specialty stores	—	—	5.3	8.4	21.2	13.0	6.0	2.4
All others	47.3	34.8	34.4	16.7	16.6	17.6	46.0	17.4

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Ward wins barbecue shoppers						
Retail outlet	'84 % who shop at:	'84 % who bought at:	'83 % who shop at:	'83 % who bought at:	'82 % who shop at:	'82 % who bought at:
Discounters	32.4%	20.5%	37.0%	34.4%	35.9%	33.7%
(K mart)	(9.3)	(6.0)	(19.7)	(16.7)	(11.2)	(10.9)
Big 3 catalog chains	25.4	25.8	28.5	13.5	16.2	17.9
(Sears)	(16.1)	(14.6)	(18.0)	(8.3)	(14.0)	(14.1)
(Montgomery Ward)	(8.1)	(9.9)	(5.2)	(4.2)	(1.4)	(2.2)
(J. C. Penney)	(1.2)	(1.3)	(5.3)	(1.0)	(0.0)	(1.6)
Department stores	4.8	5.3	8.5	11.5	18.7	14.7
Catalog showrooms	12.3	8.6	4.8	10.4	3.9	2.7
Hardware stores	10.3	9.9	3.4	7.3	5.7	6.0
Other	14.8	29.9	17.8	22.9	19.6	25.0

Source: *Chain Store Age*/Leo Shapiro & Associates

with 7 out of 10 consumers saying they bought merchandise on sale.

Additionally, the promotional war has caused this year's average anticipated pricetag to drop from $106, as reported in the '83 *CSA*/Shapiro study, to $93. In fact, nearly 36% of the shoppers polled this year expect to pay less than $50 compared with 32.5% who anticipated similar prices last year.

Like the three other lawn and garden products tracked this year, the majority of barbecue grill customers (51.4%) have no real brand loyalty. One out of every 3 of the remaining shoppers prefer an advertised brand while 14.4% want the store brand.

The Big 3 catalog chains and discounters have attracted the largest market share over the past three years. However discounters have been slipping in their share while the Big 3 picked up the slack.

Montgomery Ward, in particular, has had the best record overall of converting prospective buyers into purchasers. For example, in 1983 5.2% of consumers said they would go to Ward for a barbecue grill and in 1984, 9.9% actually bought the merchandise there.

The best prospects for barbecues are families with one or more children and incomes ranging from $15,000 to $40,000. □

Price gains importance

Service and repairs (22.2%) or convenient store locations (21%) influence prospective buyers of leaf blowers almost as much as low prices (32.9%), notes this year's *CSA*/Leo Shapiro & Associates study.

But regardless of the importance consumers place on price, more than half of the shoppers have unrealistic expectations or no idea as to retail cost. One in 4 expect it to be less than $50 while another 28.6% wouldn't venture a guess.

Brands, on the other hand, play a lesser role in the buying decision. Only 1 in 3 want either a store or an advertised brand and of this group, 61.3% want the store brand, 18.9% want Black & Decker and 10.3% want Toro.

Of the four lawn and garden items tracked in this year's survey, leaf blowers are the least likely item to be delayed (55.5%) should consumers cut back on spending. (In the overall study, it was fifth—behind such items as car seats and moisturizers.) This is because the leaf blower customer is slightly older (69.4% are older than 50) and more affluent (55.5% have family incomes in excess of $30,000) than buyers of other lawn and garden items. They are also more likely to have no children living at home. □

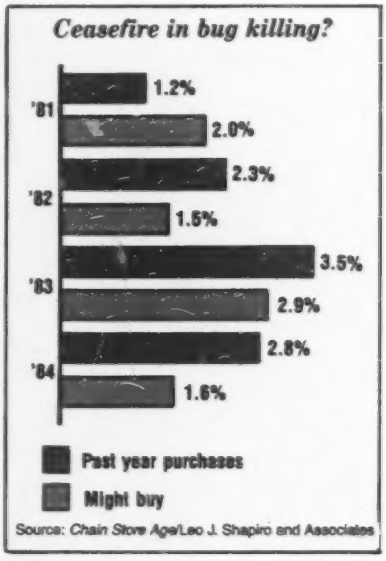
1 in 4 anticipate prices to be $51-$124	
$21-$25	6.9%
$36-$50	18.0
$51-$99	12.8
$100-$124	13.9
$150-$199	6.9
$200-$299	5.3
$300-$399	7.6
No answer	28.6

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Bugs revenge! zap go killers

Electronic bug killers may have peaked as a product that zaps public attention. Consumers have fallen into a slower sales pattern and are either going for price or selection when choosing a store.

After a three year rise in purchases, consumers last year decreased their bug killer buys, according to the latest *CSA*/Shapiro study. In addition, the number of households expressing an intention to buy in the next year fell from 2.9% to 1.6%.



Selection has almost doubled as the reason cited for picking a store. In 1982, 7.5% of those polled named it. This year it came in at 13.1%. Price also has increased, from 28.6% to 33.7%.

However, despite an average price expectation of $69, consumers appear willing to trade selection and other criteria for price. Bug killers registered one of the lowest bought-on-sale percentages (41.6%).

Consumers most likely to purchase bug killers have family incomes exceeding $20,000 (51.1% with $30,000-plus). This is slightly higher than in prior studies. Customers also are somewhat younger. One in four is under 30 compared to 1 in 8 reported in 1983. □

***Specialty stores dominated** auto sound system sales last year.*

Car stereos a two-tier market

The market for car stereo equipment is rapidly changing from a midprice dominated business to a two-tier market with bulges at the high and low ends, according to the *CSA*/Shapiro poll.

In only two years consumers have dramatically divided into two growing groups of car stereo buyers: those for whom low price is the dominant factor in the buying decision and those who want their auto sound systems to match the audio quality enjoyed in their living rooms.

Two years ago, only 26.6% of consumers who intended to buy a car stereo system expected to pay less than $150. By 1984, fully 33.3% of prospective buyers anticipate paying less than $150, a 25% increase.

At the same time, 1982 saw 55.1% of potential car stereo purchasers clustered in the $150-$399 midprice range. This year the percentage of consumers who expect to pay in the midrange has fallen by 40% to 32.8% of the total.

Meanwhile, the largest growth (125%) is in the category of consumers who expect to pay over $400. In 1982 the high-end represented only 5.9% of the market. This year 13.3% anticipate spending over $400 for their car stereos.

While the majority (56.1%) of those who intend to buy a car stereo system in the next year also expect to purchase a nationally advertised store brand, 43.9% profess no current brand preference. This year's results represent a 75% increase over 1982, when the number of households with no preferred brand stood at 25.2%.

The ranks of those with no store preference also continue to grow. In 1982, 17.8% of households that intended to buy an auto stereo had no particular outlet in mind. By 1984 the figure has risen to 24.3%, a 36% increase.

Specialists drive market

	Car stereo	
	'84	'85
Past purchase '84/ might buy '85	8.7%	3.3%
K mart	3.8	—
Other discounters	5.0	15.3
Sears	4.4	6.6
Montgomery Ward	1.9	6.9
J. C. Penney	2.5	1.0
Department stores	1.3	2.3
Catalog showroom	2.5	7.1
Specialty stores	59.1	54.7
All others	19.5	6.1

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Car stereo shoppers abandon midprice range

Price expectations	1982	1983	1984	% change 1982-84
Under $50	5.1%	3.6%	4.3%	– 15.7
$50-$99	6.9	7.3	9.4	+ 36.2
$100-$149	14.6	19.1	19.6	+ 34.2
$150-$199	14.9	14.8	8.6	– 42.3
$200-$299	26.1	21.0	14.9	– 47.0
$300-$399	12.1	9.5	9.3	– 23.1
$400+	5.9	9.7	13.3	+125.4
Not answering	12.4	15.0	20.6	—

Source: *Chain Store Age*/Leo Shapiro & Associates

Audio/electronic and specialty stores grabbed the lion's share of last year's sales, garnering 59.1% of the market. Discounters accounted for 8.8%, the Big 3 catalog chains 8.8% and department stores 1.3%. For those who intend to buy this year, audio/electronic stores again lead the list, cited by 4 out of 10 prospects. Discount stores are mentioned with the next greatest frequency.

Not surprisingly, people who have bought or might buy car stero equipment in the next year are younger, better educated and more affluent than the population as a whole. While those under 30 years old represent only 22.8% of those polled, they account for fully 44.7% of prospective car stereo buyers. Nearly 72% earn more than $20,000, and 38% earn over $30,000. Over 60% have attended college or graduate school.

Sales of car stereo equipment last year outpaced consumer's declared buying intentions by 271%. Only 3.2% of households polled in 1983's *CSA*/Shapiro study expected to buy auto sound equipment in the following 12 months. But 8.7% queried this year reported purchasing a car stereo in the last year. Purchase intentions for the next 12 months remain at a relatively steady 3.3%.

The Electronics Industries Association estimates factory sales to dealers of auto sound equipment will reach $1.9 billion in 1985, a 5.5% increase over 1984. According to the EIA, aftermarket sales will account for 68% of the total next year, compared with 66% in 1984. □

***Garage door opener** customers are better off than those for most other products.*

Convenience overrides price

Automatic garage door openers fared better than 75% of all the products tracked in the *CSA*/Leo Shapiro & Associates study. Only a few low-ticket and safety products were rated as more of a nondeferrable purchase.

This suggests that the convenience provided by automatic garage door openers overrides price. Additionally, price is only a minor consideration in choosing a store, mentioned by 16.8% of the shoppers. Almost as many (15.6%) said they choose stores because of satisfactory past experiences.

One reason price is less of a factor in this high-ticket buying decision is because the customer is better-heeled than for most other products. More than 81% of the prospective buyers report incomes in excess of $20,000 and one-third of that group has incomes over $40,000.

Still, garage door opener customers are bargain shoppers. Approximately 52% of them bought the merchandise on sale last year. Moreover, most who are planning to buy this year are ambivalent as to store brand (25.2%) vs. an advertised name (29.8%) and another 45% have no brand preference at all.

However, of all the shoppers who specifically mentioned a brand, approximately 45% named Sears, followed by 31.5% who said Genie. Stanley and Alliance were the third and fourth, respectively, most-named brands.

For the second consecutive year, Sears drew the largest per cent of buyers and shoppers. Approximately 47% of this year's buying sample made their purchases at the No. 1 retailer while 57.4% of the prospective buyers plan to shop there. The distant second is product specialty stores with 12.8%. □

Sears-garage doors: its automatic

	Smoke detector		Garage door opener	
	'84	'85	'84	'85
Past purchase '84/might buy '85	10.8%	5.7%	3.6%	1.9%
K mart	6.5	13.4	2.6	—
Other discounters	25.0	9.9	2.6	2.4
Sears	16.7	31.7	47.4	57.4
Montgomery Ward	10.2	7.6	7.7	9.7
J. C. Penney	—	1.6	—	3.3
Department stores	4.6	4.8	—	2.2
Catalog showroom	10.2	5.4	2.6	1.3
Specialty stores	1.9	2.6	12.8	9.3
All others	24.9	23.0	24.3	14.4

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Smoke detectors heat up sales

Smoke detector sales expectations for 1985 are higher than they were for 1984 notes *CSA*/Leo Shapiro & Associates data. Perhaps safety awareness will influence sales more than it previously has.

Two out of every 3 shoppers said they won't delay smoke detector purchases this year even if they have to curb family spending. Of the 42 categories tracked, child car seat (another safety device) was the only one that showed a greater need by consumers: 82.7% said they would not delay this purchase.

One out of three anticipates $125-$199

Anticipated price	1984	1983
$50 or less	1.0%	4.3%
$51-$99	5.4	0.8
$100-$124	11.6	12.0
$125-$149	11.3	10.4
$150-$199	22.7	24.2
$200-$299	23.2	19.7
$300 or more	6.8	6.2
No answer	18.0	2.2

Source: *Chain Store Age*/Leo Shapiro & Associates

But despite the demand for smoke detectors, prices continue to erode as consumers buy them on sale with more frequency. In this year's study, about 58% said they bought the safety device on sale.

Additionally, the average amount consumers expect to spend dropped from $26 reported in the '83 study to $21 this year. More specifically, 1 out of every 4 prospective purchasers in 1984 expects to pay between $10 and $12.

Similar to last year's findings, the majority (55.1%) wants to purchase a store or an advertised brand. Four out of 5 specifically request an advertised brand name. First Alert followed by Sears and General Electric remain the leaders.

The prospects for smoke detectors are more likely to have three or more children than are the customers for automatic garage door openers. Three out of 4 have at least a high school diploma while 67.3% earn more than $20,000. □

***Consumers are once** again buying 35mm cameras in favorable numbers.*

35mm camera sales ready to click

The 35mm camera is gradually rising out of its long sales slump, but the item remains among the most vulnerable products tracked by *CSA*/Shapiro and could be hurt by even a slight downturn in the economy.

After several years of delaying purchases of major photographic equipment, consumers are again buying 35mm cameras in favorable numbers. Slightly more than 7% of those surveyed said they bought a 35mm camera within the last year. That's nearly twice as many as indicated they would make such a purchase 12 months ago.

The outlook for this year seems even better. The number of consumers who say they plan to buy a 35mm camera within the next 12 months is 5.3% of those surveyed. That's the highest buying intention figure recorded for 35mms over the last four years.

This upturn in sales, however, remains contingent on the continued growth of the economy. Nearly 79% of those who say they plan to buy a 35mm camera will not do so if they find it necessary to cut family spending this year. That's 15% more than the number who said they would delay such a purchase last year.

Consumers who do follow through on their intention to buy a 35mm are likely to wait for the model of their choice to go on sale. Last year only about one-fourth of all 35mm cameras were bought at a store's regular price, the *CSA*/Shapiro study shows.

With the 35mm camera becoming such a highly promotional item, consumers expect to pay less for one than they did last year. The mean price consumers intend to dole out dropped $11 to $237 in this year's study.

This new activity on the low end of the market has already begun to manifest itself and is leading to radical shifts in market share among retailers. K mart's share jumped to 9.3% from 5.4% last year. Other discount stores did even better, doubling their market share to 14.4%. Sears and Ward also showed solid gains.

The downscaling, however, isn't about to lead to any great surge in store brand 35mm sales. Consumers are still searching for brand name goods in the category. Canon has the lion's share of the market. Nearly half of all consumers mentioned Canon as the brand they planned to look for when they go shopping for a 35mm camera this year. Minolta received mention from 12% of those who expect to purchase a 35mm camera this year.

Discounters develop sales

	35mm camera		Instant camera	
	'84	'85	'84	'85
Past purchase '84/might buy '85	7.1%	5.3%	7.7%	1.6%
K mart	9.3	2.8	14.2	16.8
Other discounters	14.4	13.0	19.7	14.6
Sears	6.2	2.0	6.3	7.1
Montgomery Ward	6.2	7.4	10.2	10.2
J. C. Penney	4.1	5.2	3.1	3.6
Department stores	4.1	8.2	5.5	6.2
Catalog showrooms	15.5	14.5	12.6	6.7
Specialty stores	29.9	33.9	12.6	23.0
All others	10.3	13.0	15.8	11.8

Source: *Chain Store Age*/Leo Shapiro & Associates

Autofocus potential largely untapped

Is the autofocus camera about to hit a sales slump just as it is emerging as an important part of the photo market? The *CSA*/Shapiro study suggests that unless manufacturers and retailers do a better job of transforming consumer interest in the product into actual sales, the autofocus may indeed lose its status as one of the few star performers in the otherwise unspectacular photo/camera category.

Many consumers would apparently like to own an autofocus camera but few are ready to go out and buy one in the near future. Only 1.9% of those surveyed say they will definitely buy an autofocus in the next 12 months. That compares with 7.8% who said they purchased

*H.S. grads top autofocus camera buyers**					
Income	**%**	**Occupation**	**%**	**Education**	**%**
Under $10,000	16.3	Professional	12.2	11th grade or less	18.1
$10,000-$15,000	11.8	Manager	10.7	H.S. graduate	33.8
$15,001-$20,000	12.2	Craftsman	13.0	Some college	24.9
$20,001-$30,000	34.2	Operative	12.4	College graduate	17.3
Over $30,000	25.6	Retired	16.1	Post-graduate	3.6
Mean	23.4	Other/not answering	33.6	Not answering	2.3

*Chart measures percentage of consumers who indicate a high interest in autofocus cameras.
Source: *Chain Store Age*/Leo Shapiro and Associates

such a camera last year.

Standing behind this small group of committed purchasers is a large potential audience which needs some incentive from a retailer or manufacturer to place down some cash for an autofocus. Nearly 35% of those in the survey rate themselves as "very interested" in owning an autofocus. About 23% say they might purchase one in the coming year.

Perhaps part of the secret to developing this untapped market lies in better consumer education about the product, which is still relatively new to the market and apparently not well understood by many potential customers. Nearly half of those participating in the study didn't know such a product is in stores. And of those who did show at least a moderate degree of interest in the autofocus, 36% had no idea how much they would have to pay.

"When they see one in a store, consumers often tell us, 'I didn't know it could do all of those things,' " says Frank Dziabiak, photo buyer for G. C. Murphy.

Among those who do know how much they would like to pay for an autofocus camera, there is little consensus on price. Although the average price consumers expect an autofocus to be ticketed with is $277, about 22% are ready to spend more than $300 while 27% want to spend less than $150.

That split in the price expectations of potential customers accounts for the way the market is divided among trade classes. The strong upper end of the market is controlled by camera stores, mentioned by 18.6% of those who have a high interest in the autofocus, and specialty stores, which garnered a 34.4% share among this high interest group.

With a 12.5% share, discounters are battling the Sears/Penney/Ward group and catalog showrooms for the growing low and middle segments of the markets. The Big 3 nearly evenly divide up 13.7% of the market, while 7.7% of those who are likely to buy an autofocus mention a catalog showroom as their outlet of choice.

Who purchases autofocus cameras? Nearly 60% of those who express a great interest in the product earn more than $20,000 a year, with the greatest concentration falling between $20,000 and $30,000. These consumers are typically high school graduates (33.8%) or have some college (25.1%). Nearly 44% are between the ages of 25 and 39, although a significant segment, 11.5%, is over 65. □

No quick sales fix likely for instants

Hurt by the disc, low-end 35mm cameras and the generally sluggish nature of the photo industry, instant cameras continue to lose their appeal to consumers.

Only 1.6% of those surveyed by *CSA*/Shapiro said they plan to purchase an instant camera this year. That represents the lowest buying intention figure for instants in the last four years. Only one other item scored lower in this year's survey.

Almost all vital signs of economic health seem to be declining for instants. With low-end autofocus cameras as a price alternative, consumers say they aren't willing to shell out very much money for an instant camera which can't match the picture-taking quality of a 35mm model. Only 26.9% of those who plan to buy an instant camera intend to pay more than $50 for it. Last year 48.4% of potential buyers set their sights at the $50 or better mark for an instant camera.

With both retailers and manufacturers scrambling to keep inventory moving, the consumer is obviously being conditioned to buy the instant camera when it's on sale. Only 22.3% of those who purchased instants said they bought the product at full price.

If anything, consumers are likely to keep an even keener eye out for promotions this year. More than 45% of those who say they will buy an instant camera will choose the outlet based principally on price. Last year 40% of potential consumers listed price as their chief consideration in selecting a store for instants. In only three other product categories tracked was price as frequently mentioned as the key selling point.

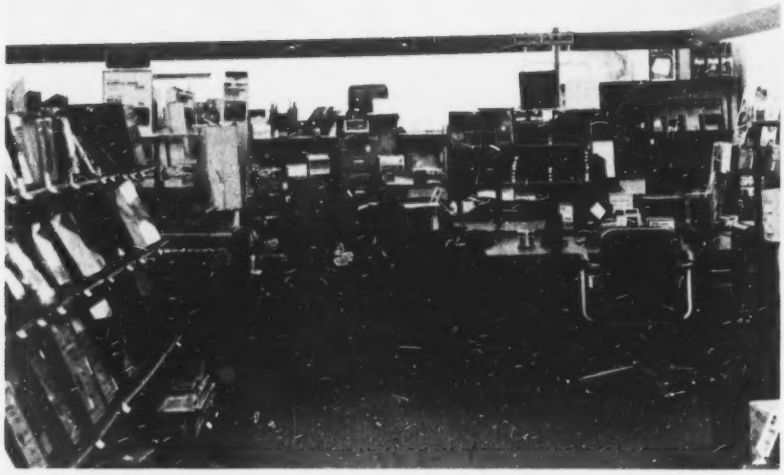
Gross margins have sunk so low on instants that traditional outlets like discount and specialty stores have de-emphasized the item in favor of the rapidly growing, more profitable autofocus cameras. As a result, the instant camera business is now moving into low-end retailers like drug stores and supermarkets.

Discount stores still have the greatest share of the market, 33.9%, but they have lost several market points, principally to drug stores, which brought home 10.2% of the business last year.

Price key sales point for instants	
Reason for shopping outlet for instant camera	**% of shoppers**
Price/discount	45.4%
Selection	6.2
Quality	8.9
Location/convenience	9.1
Satisfaction/past experience	5.3
Other/not answering	22.0

Source: *Chain Store Age*/Leo Shapiro & Associates

With instants generating so little overall interest, it's not surprising that few areas of the country will be especially good places to sell instants this year. Only one region, the South Atlantic, recorded high consumer interest in the category. The *CSA*/Shapiro study shows that retailers in the Mountain and East South Central states could have the biggest problem selling instants. □



***Quality and location** convenience have grown each year as low price decreased.*

Secondhand units gain share

Today's better-heeled typewriter customers are less brand-conscious and price motivated, but more concerned about quality than they were two years ago. In '82, 72.5% of shoppers looked for either an advertised or store brand compared to just 65.2% who shopped for brands this year.

Customers are also more value conscious today. Their reasons for shopping a store have changed. Today's consumer places an almost equal emphasis on quality (15.7%) and convenient location (15.6%) as on low prices (18.6%). Quality and location convenience have grown in importance each year as low prices decreased.

Prices increase over 3-yr. period

Anticipated price	1984	1983	1982
$99 or less	4.8%	4.7%	7.3%
$100-$149	6.4	9.2	10.1
$150-$199	11.9	11.3	8.6
$200-$299	23.8	28.7	33.5
$300-$399	20.7	16.2	8.0
$400-$499	6.0	4.9	2.0
$500-$699	3.1	6.2	2.6
$700 or more	10.1	5.5	8.9
No answer	13.2	13.3	19.0

Source: *Chain Store Age*/Leo Shapiro & Associates

Typewriters have become a staple of garage sales. Nearly 19% bought from private sellers in 1984, a steady rise from 14.8% last year and 11% in 1982.

But despite the rise in secondhand units, anticipated prices remain on the high side with customers expecting the average to be $328 this year. This compares to the average price in 1983 of $334 and in 1982 of $317.

Similar to prospective buyers of desk organizers and calculators, typewriter customers have family incomes in excess of $20,000. One in 3 say their chief breadwinner is either a professional or a manager. Moreover, this group is more likely to have children than consumers of the other home office products tracked. □

Features outweigh brand names

Professional and managerial customers are looking for certain features in printing calculators and are willing to pay a few dollars more to get them, suggests the *CSA*/Leo Shapiro & Associates study. This year's customers are less brand conscious than they were last year, perhaps concentrating more on the benefits of one machine vs. another. Approximately 45% want either the store brand or an advertised name compared with 63.8% who said they were shopping brands in 1983's survey.

1 in 5 expect $36-$50 price range

Anticipated price range	1984 %	1983 %
$20 or less	10.4%	9.4%
$21-$25	5.4	1.3
$26-$30	11.8	11.8
$31-$35	4.5	3.4
$36-$50	22.1	21.7
$51-$99	10.0	21.3
$100-$124	4.5	8.0
$125 and more	10.3	8.1
No answer	21.0	15.0

Source: *Chain Store Age*/Leo Shapiro & Associates

Additionally, the average anticipated price rose despite the majority (63%) shopping sales. This year the average is expected to be $78, an $11 increase over the figure reported last year.

Similar to the two other home office items tracked this year, low price is not the only factor swaying calculator consumers to shop a particular store. Almost as many consumers said they'd choose a store because of a past satisfactory experience (16.9%) as said low price (20.2%). This differs greatly from the '83 study in which 33.4% said price and another 6.7% said satisfaction.

The shift in shopping patterns reflects these new priorities. Nearly 38% will shop the Big 3 catalog chains and another 15.6% will shop discounters this year compared with 18.5% and 35.2%, respectively, who shopped these outlets last year. □

Adds to profitability

Retailers may be able to improve home office margins by adding desk-top organizers. This classification appears to be a blind item in terms of price and brand awareness, indicates the 1984 *Chain Store Age*/Leo Shapiro & Associates study.

Although the anticipated average pricetag was a realistic $19, 2 out of 5 shoppers polled said they had no idea as to price. Approximately 1 in 5 expect the price to range on the high side, between $21 and $50.

Additionally, 2 out of 3 have no brand preference of organizers. Of the 42 products tracked, only patio furniture had a higher per cent of shoppers not committed to a brand. Approximately 22% of the remaining 33.4% want a store brand and another 11.1% prefer a nationally advertised name (though most could not specify which one). □

Big 3 to be shopped for home/office

	Desk top organizer		Printing calculator		Typewriter	
	'84	'85	'84	'85	'84	'85
Past purchase '84/ might buy'85	2.8%	0.7%	6.8%	1.4%	4.0%	2.2%
K mart	7.0	20.7	9.6	12.2	4.4	1.2
Other discounters	23.3	6.0	22.2	3.5	5.5	10.2
Sears	7.0	5.2	6.2	14.6	14.3	27.8
Montgomery Ward	4.7	8.1	8.5	13.1	6.6	13.0
J. C. Penney	—	7.4	2.5	10.0	4.4	1.0
Department stores	2.3	1.7	6.2	9.7	6.6	8.7
Catalog showroom	—	7.7	21.0	9.5	14.3	10.2
Specialty stores	30.2	28.0	6.2	7.8	14.3	17.8
All others	25.5	15.2	18.5	19.6	29.6	10.1

Source: *Chain Store Age*/Leo J. Shapiro & Associates

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***Fitness buffs have** created what seems an unending boom in exercise equipment.*

Fitness buffs spur home exercise

The exercise equipment market is in the midst of a boom which doesn't appear likely to abate soon, judging by the number of consumers who say they are working out regularly and plan to purchase some equipment in the next year to continue shaping up.

Last year was a banner one for exercise equipment, which racked up sales of $950 million. This year looks even more promising. The number of consumers who say they intend to buy exercise equipment in the next 12 months is twice as high as the number who said last year that they planned to make such a purchase. Nearly 6% of those surveyed think they'll buy some kind of exercise equipment within the year.

Behind the phenomenal sales growth of the category is the continued participation of a large segment of the population in regular exercise. Nearly 35% of those surveyed, in fact, said they'd exercised in the past week. That's encouraging news for retailers because the current exercise buff is the best potential customer. More than half of those who plan to purchase exercise equipment this year are already working out.

The most sought-after product remains the exercise bike, named by 2.7% of those surveyed as a product they intend to purchase. Two years ago the bike was also the most popular piece of equipment, but then only 1.3% of those surveyed were considering buying one.

Weights are next in popularity and are included on the shopping lists of 2.4% of those surveyed. But over the last two years weights have lost market share to newer, more complex items like home gym systems and electronic devices which measure blood pressure and other vital signs. Slightly more than 1% of those surveyed want to purchase a gym system, while 2.2% intend to buy some sort of electronic monitoring device.

In the past several years exercise equipment has not only brought retailers large volume gains but also healthy profit margins. Those margins, however, may soon shrink as more retailers look for a piece of this lucrative pie and competition increases.

Consumers are already showing themselves unwilling to spend top dollar for exercise equipment. Nearly 32% of those who intended to buy an exercise bike two years ago were willing to pay more than $100 for one. Now, only about 24% say they will go over the $100 mark.

The same downward trend is apparent in gym systems. Despite an abundance of systems which retail for about $300, most consumers want to pay less than $100 for a system. Two years ago only 37% believed they could pay that little for the item.

Whichever direction the market takes, Sears is likely to remain the dominant force in it. More than 23% of those who bought equipment last year shopped the chain, and 26.1% who intend to buy this year mention Sears. The retailer scores best on exercise weights, potentially capturing 27.3% of the business.

Department stores have also done surprisingly well in the category but may soon run into trouble if the market becomes more price-competitive. Department stores had 13.2% of the market last year, but only 7.3% of those surveyed this year said they would buy in a department store.

Discount stores are also losing significant share, perhaps because of the growing importance of specialized items like electronic monitors. Actual share for discounters dropped from 15.4% to 7.4%. □

Who purchases exercise equipment

Income	%	Occupation	%	Education	%
Under $20,000	31.5	Professional	15.9	11th grade or less	9.7
$20,000-$30,000	28.7	Manager	11.4	H.S. graduate	33.2
$31,000-$40,000	17.1	Craftsman	12.6	Some college	24.5
Over $40,000	22.0	Operative	11.0	College graduate	20.1
Not answering	0.7	Retired	13.1	Post-graduate	10.8
Mean	$27,400	Other	36.0	Not answering	1.7

Source: *Chain Store Age*/Shapiro

Bike sales surge but outlook dim

Bike sales rebounded in 1983, hitting the $1.3 billion sales mark. But the resurgence may be short-lived, according to the *CSA*/

Consumers eye high-end bikes	
Expect to pay	**% of Shoppers**
$50 or less	11.3%
$51-$99	16.5
$100-$124	20.4
$125-$149	4.4
$150-$199	14.8
$200-$299	15.2
$300-$399	6.6
$400-$499	2.5
Not answering	8.3

Source: *Chain Store Age*/Leo Shapiro & Associates

Shapiro study, which found that consumer demand in the category is already beginning to slowly recede.

First the good news. The number of consumers who said they purchased a bike last year rose 30% to 13.4% of all who were surveyed. Three times as many people bought a bike as said they might buy one in last year's survey, as indication that both manufacturers and retailers did a good job of spurring activity in the category.

Despite this bull market last year, the outlook for bikes is uncertain, in part, because much of the demand built up over the last several years was apparently satisfied in 1983. Only 4.1% of those surveyed said they plan to purchase a bike this year, down from 4.8% in last year's study and a high of 7.8% in the 1981 survey.

Consumers not only plan to purchase fewer bikes next year, but they plan to spend less on each bike. On average, consumers will pay $144 a bike, down from $153 last year.

The Big 3 have the most to gain in this otherwise flat market. More than one-third of those who intend to buy a bike this year mention either Sears, Penney or Ward as their outlet of choice. That is double the number who mentioned this group in last year's study.

Quality is a major factor in the category. More than 16% of those surveyed listed quality as the most important consideration when choosing an outlet to buy a bike, compared with just slightly more than 11% who named quality as the primary reason for choosing an outlet for bikes last year.

Upscaling pumps life into tennis

The *CSA*/Shapiro study clearly demonstrates why retailers remain pleased with the tennis racquet market despite flat unit sales last year. The average ticket in the category continues to rise and, despite higher prices, most consumers don't go shopping for discounts when they look for a tennis racquet.

Tennis racquets are among the least price sensitive products tracked. Only 4 out of 10 consumers who purchased a racquet last year bought it on sale. When asked which is the most important factor in choosing an outlet for tennis racquets, nearly as many consumers

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mentioned selection (20.6%) as price (25.3%).

The category, moreover, is not likely to become more price sensitive. The median income of a consumer who purchases a tennis racquet is about $30,000 a year, and this consumer is now looking for a better quality racquet. The number of potential customers who say they expect to pay more than $50 for a racquet increased three points in this year's survey to 25.9%. The percentage who will pay at least $100 to improve their court game in the next 12 months rose one full point to 9.6%.

Although this trading up will mean more dollar volume, unit sales are likely to remain flat over the next 12 months. Only 1.6% of those surveyed said they expect to purchase a racquet this year, down from 2.2% in last year's survey.

With unit volume holding steady, retailers are likely to battle fiercely for a piece of the existing pie. Large mass marketers have been positioning themselves for several years to take business from specialty retailers by beefing up the middle price points with fast-turning, name brand items. That strategy may pay off in spades this year for retailers as diverse as K mart and catalog showroom chains.

K mart improving market share

	Tennis racquet		Bicycle	
	'84	'85	'84	'85
Past purchase '84/might buy '85	3.3%	1.6%	13.4%	4.1%
K mart	4.3	11.0	4.6	3.2
Other discounters	12.0	9.6	12.4	7.8
Sears	6.5	6.4	15.0	15.8
Montgomery Ward	3.3	4.7	6.5	11.7
J. C. Penney	7.6	5.0	1.3	6.1
Department stores	2.2	1.0	2.6	3.3
Catalog showroom	3.3	9.7	3.9	2.0
Specialty stores	54.3	48.0	38.6	42.2
All others	6.5	4.6	15.1	7.9

Source: *Chain Store Age*/Leo J. Shapiro & Associates

"We've overhauled the assortment with regard to brand names and price points," says K mart senior buyer Wayne Sales.

K mart now carries more aluminum and graphite racquets in the popular mid- and over-size configurations, including some with price tags hovering around $100, and consumers are responding well to the change. K mart captured 4.3% of the market last year, but a surprising 11% of those who said they will buy a racquet this year mentioned K mart as their outlet of choice.

Catalog showrooms were named by 9.7% of those who intend to buy a racquet, a threefold gain over last year. Specialty stores, on the other hand, could lose several share points and see their piece of the market decline to less than 50% for the first time since the tennis boom started more than a decade ago. □

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***Selection and location** are two top considerations for consumers.*

Consumers shop selection

Selection (35.9%) and location convenience (22.1%) are the top two considerations for consumers buying instruction manuals, according to results of the 1984 *CSA*/Leo Shapiro & Associates study. Low price (11%) was a distant third. Moreover, of all the products tracked this year, sewing and craft items were the only others not showing price as the primary factor.

One explanation for this is that customers expect to find reasonably low prices for manuals regardless of which store they shop. Similar to last year' s findings, 1 out of 4 anticipate a price range of $4 to $7 while only 4.5% expect to spend more than $20.

Low anticipated prices also account for the high percentages of shoppers who bought the merchandise at regular price (57.8%) and of those who won't delay this purchase (53.9%). It was the only other category surveyed to have more consumers willing to pay full price.

Surprisingly, 3 out of 5 prospective shoppers have no brand preference, which suggests that they are looking for content more so than publishers. Still, 31.4% want an advertised name and the remainder want the store brand. Of all those specifying an advertised brand, Sunset was named the most.

Product specialty stores such as bookstores attract the largest market share with 33.1% having made purchases at these retailers. Additionally, mail order garners 25%; discounters, 9.7% and the Big 3 catalog chains, 8.1%. This, too, follows trends established in the '83 survey.

Specialists top booksellers

	Paperback Novels		DIY books or instruction manuals	
	'84	'85	'84	'85
Past purchase '84/might buy '85	12.7%	6.4%	12.7%	7.3%
K mart	8.0	7.1	6.5	4.1
Other discounters	11.4	14.6	3.2	4.2
Sears	—	—	4.0	3.7
Montgomery Ward	—	—	2.4	1.0
J. C. Penney	—	—	1.6	1.0
Department stores	1.1	1.3	1.6	1.8
Catalog showroom	—	—	1.6	—
Specialty stores	40.9	43.1	33.1	49.2
All others	38.6	42.9	46.0	35.0

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Paying the price for romance

Romance novel shoppers don't mind paying full price for the merchandise as long as the stores they shop are in convenient locations. In the recent *CSA*/Leo Shapiro & Associates survey, almost as many consumers (25.9%) said they shop convenient locations as said they shop low prices (29.3%). But more importantly, 64% said they paid full price when they last bought a romance novel.

In fact, 1 in 5 prospective buyers has no idea as to price. Another 54.1% of the shoppers realistically anticipate prices to be $3 or less and 18.5% expect them to be $4 to $5. This compares to 67.9% and 9.9% who thought the prices would be $3 or less and $4 to $5, respectively, last year.

Additionally, the reasonably low anticipated prices make this category the sixth least likely one to be put off out of all 42 products tracked this year. More than half of the shoppers won't delay this purchase should they curb spending, despite the 1 in 3 who say they would.

Lastly, customers want brands (49.7%), particularly the advertised ones such as Harlequin, Bantam and Avon. Still, this trend has subsided considerably—approximately 10 percentage points—since last year, perhaps due to the greater number of publishers now available. □

30-44 yr.-olds read romance

Demographics	Romance novel shoppers	Instruction manual shoppers
Age:		
29 or younger	28.6%	28.7%
30-44	40.8	39.7
45 or older	30.1	30.4
Family income:		
$20,000-$30,000	28.5%	32.6%
$30,000-$40,000	17.8	20.0
$40,000 or more	18.8	16.6
Chief breadwinners occupation:		
professional	13.1%	19.7%
manager	17.3	14.2
retired	14.6	14.0
Persons in household:		
2	27.4%	33.9%
3	27.4	23.8
Children:		
none	51.8%	52.0%
1	18.5	21.9
2	20.7	19.5
Education:		
high school graduate	34.5%	37.1%
some college	29.3	23.5
college graduate	18.8	17.8
post-graduate	8.7	13.7

Source: *Chain Store Age*/Leo Shapiro & Associates

More younger consumers are shopping for patterns this year than in '83.

Quality is most important in deciding where to buy a sewing machine	
Reason to buy	%
Other/not answering	30.3
Quality	19.8
Price/discount	12.7
Satisfaction/past experience	10.2
Have an account there	9.9
Service/repair/guarantee	7.1
Selection	7.0
Location/convenience	3.0

Source: *Chain Store Age*/Leo Shapiro & Associates

Sewing means sales to specialists

While specialty stores continue to grab market share points for sewing patterns and hold onto about half of the market points for craft kits, Sears is the undisputed sales leader for sewing machines, according to the 1984 *CSA*/Leo Shapiro & Associates study.

In three years of tracking consumer buying intentions for sewing patterns, specialty stores have continued to make steady gains. While 63.9% of consumers polled who purchased a pattern in '82 did so at a specialty store, a whopping 73.7% made their pattern selections at specialists during '84. Consumers still cite selection as the primary motivating factor in choosing where to shop for patterns.

Due to the low price point involved ($3 is the median), patterns are not particularly vulnerable to downswings in the economy. In fact, sales often improve during recessionary times.

Industry sources, however, say that pattern unit volume is down. While patterns have one of the highest incidences of past year and prospective purchases of the products tracked in the study, there has been a steady decline in consumers who are actively shopping the market since '82.

If the three year trend continues during the next 12 months, retailers can expect unit sales to decrease slightly from last year's levels to only the volume reached in '82.

Brands are important to shoppers with 41.6% of consumers saying Simplicity is their choice while another 22.5% pick McCall's. Only 20% have no brand preference.

On a more positive note, the study indicates that more younger consumers are shopping for patterns. While 25.5% of consumers who said they had bought or might buy a pattern in '82 were under 30 (this dropped to an alarming 19.2% in '83), the number improves to 30% in this year's study.

Name brands are not as important to craft kit buyers (the category includes latch hook, needlepoint or plastic models) with 47.8% having no brand preference. Only 17.5% have no store preference with over half of purchases made this year at specialty stores.

Sears means sewing machines: While 4 out of 10 shoppers polled mention Singer as their first choice (38.1% mention a store brand), Sears is the No. 1 retailer cited as the store where a sewing machine was last purchased or where consumers might buy in the coming year.

But specialty stores are doing well, capturing about 28% of both past and future sales. Since many of these stores carry Singer products, they may be able to make in-roads into Sears' market share for this high ticket item.

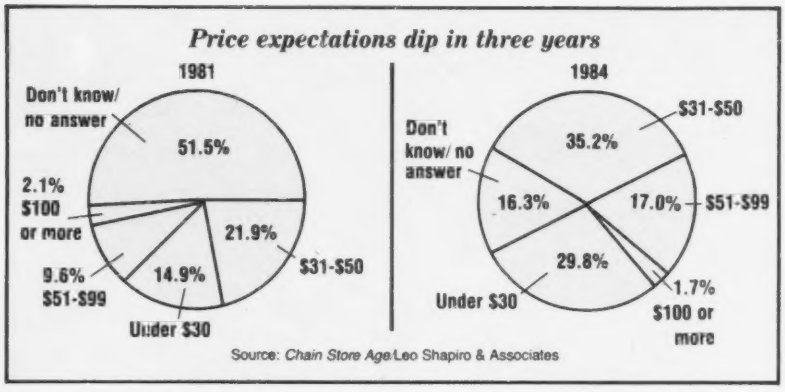
Sewing machine shoppers are very emphatic about what brand they want with the most popular price point being $200 to $299. Six out of 10 consumers say they bought their last machine on sale.

Despite the money saving advantages of sewing, 61.9% of consumers polled say they would delay buying a machine if they had to curb spending next year. Six out of 10 would delay purchasing a craft kit even though the median price expected to pay is just $10. □

Sewing/crafts a specialty biz

	Sewing machine		Sewing patterns		Craft kits	
	'84	'85	'84	'85	'84	'85
Past purchase '84/ might buy '85	2.4%	2.2%	16.9%	8.4%	15.6%	7.8%
K mart	—	1.8	1.7	1.9	14.0	12.4
Other discounters	—	1.9	11.0	10.1	12.0	18.0
Sears	37.9	46.2	1.0	2.3	1.0	3.6
Montgomery Ward	6.1	10.4	3.4	3.8	—	—
J. C. Penney	1.5	3.8	1.0	1.7	—	—
Department stores	1.5	3.6	3.4	1.0	5.0	7.7
Catalog showroom	4.5	—	—	—	—	—
Specialty stores	28.8	28.6	73.7	72.9	53.0	49.4
All others	19.7	3.7	4.8	6.3	15.0	8.9

Source: *Chain Store Age*/Leo J. Shapiro & Associates



Sears, Penney grab business

In the wake of department stores cutting back ready-made curtain and drapery assortments in favor of custom designs, moderate- and low-margin chains expected to pick up some of this business. Although discounters have been beefing up curtain offerings (Bradlees, for one, is expanding its Window Ways department from two gondola runs to three), Sears and Penney appear to be the biggest beneficiaries of the department store dropout.

Half of all potential curtain customers surveyed in the *CSA*/Leo Shapiro & Associates study plan to shop at the Big 3. Nearly 27% plan to just shop at Sears. Discounters, however, still command nearly one-fourth of this market.

Price alone is not what attracts curtain customers. While it is the single most important factor in determining where they shop—one-third choose a store for its prices—selection and quality, combined, are equally as important.

Less than half the number of customers who bought curtains last year say they might make a purchase this year. This may indicate shoppers' interest is in alternative window treatments. Curtains alone are no longer sufficient for retailers. "If you're in the business of covering windows, you better be in all the viable businesses," says Carl White, dmm/home fashions at Hayward, Calif.-based Mervyn's. That means curtains and draperies, plus mini blinds, vertical blinds, pleated shades and rollups. □

Sears leads domestics

Past Purchase '84/ Might buy '84	Ready made Curtains '84	Ready made Curtains '85	Electric Blanket '84	Electric Blanket '85
Outlet	14.3%	6.8%	5.6%	2.2%
K mart	11.5	10.5	5.1	3.5
Other discounters	14.2	11.6	10.3	8.9
Sears	20.4	26.9	31.6	31.0
Montgomery Ward	5.3	4.5	12.8	17.6
J. C. Penney	15.9	18.6	13.7	16.1
Department stores	17.7	16.7	13.7	13.4
Catalog showroom	—	—	1.7	1.7
Specialty stores	10.6	10.0	1.0	2.4
All others	4.4	1.2	10.1	5.4

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Electric blanket market stable

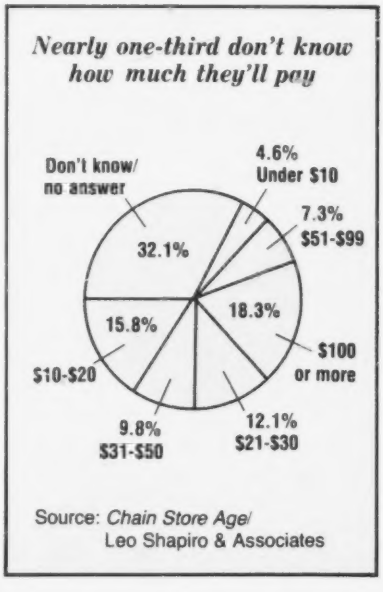
The market for electric blankets has scarcely changed since it was first tracked by *CSA*/Leo Shapiro & Associates in 1981. Then as now, only about 1 out of 20 customers bought the item in the preceding year, and only about 1 in 40 is considering buying an electric blanket in the coming year.

Shoppers are, however, more price savvy. Half of the '81 consumers did not know how much they expected to pay for the item. In '84, only one-sixth was unsure of price. And these smart shoppers expected to pay a lot less than those studied in '81.

Nearly 3 of 10 shoppers in '84 would spend less than $30 on an electric blanket, compared with only 14.9% of '81 shoppers. Two-thirds of the current customers also bought the item on sale; the market was not as promotional three years ago. On the plus side for retailers, nearly 2 out of 10 shoppers are prepared to pay between $51 and $99 for an electric blanket, an increase over '81.

Although they plan on spending less than in the past, customers appear to be shopping discounters less frequently. In '81, more than one-fourth of the potential shoppers planned to buy the item at a discounter; today, only 12% do. More shoppers will be heading for the Big 3, with almost two-thirds of all potential electric blanket customers planning to shop at either Sears, Penney or Ward. Ward has picked up market share, so that it now equals Penney, but is still trailing Sears as the store to shop.

The growth of electric mattress pads does not appear to have cut into blanket sales. Customers apparently are still afraid of dealing with electricity in a pad rather than a blanket. When one East Coast discount chain had a banner season for electric blankets, they "couldn't even give the pad away," says the domestics mm for the chain. □



***Infant car seats** remain steady in the light of current state laws.*

Kiddie car seats: It's the law

Sales should remain steady this year for infant car safety seats, thanks to the current baby boom and to state laws which require the seats for all infants and toddlers. Forty-seven states have infant car seat laws on the books, with Louisiana soon to follow suit. Louisiana will be the seventh state to adopt the safety law to date in '84.

Only two states do not require the seats: Wyoming, which introduced the measure and failed to pass it, and Texas, which is unlikely to meet on the matter this year.

Sales will stabilize by year end. Last year, 6% of the shoppers surveyed in the *CSA*/Leo J. Shapiro & Associates survey bought infant car seats. This year, only 1.7% indicated that they might buy the item. Many parents may already have the seats, regardless of whether state law required it.

Obviously, the best customer for this product is the new family, with one child under 3 years of age. However, larger families also show a high potential for buying, perhaps because they did not buy safety seats for their firstborns, or due to replacement needs.

This is not a purchase that can be put off. More than 8 in 10 shoppers would not delay buying an infant car seat. More than half indicated a brand preference, most frequently naming Strollee, Century, Questor and Cosco. About half of all shoppers buy the item on sale, with slightly less buying at regular price. The most popular price points fall between $36-$50.

Of those shoppers who indicated an interest in buying the product, catalog showrooms showed the best potential for sales. With price the most important factor in determining where to shop, nearly one-third of the potential buyers planned to shop at the catalog showroom chains, where sale prices are consistently lower than either discounters or Sears, Penney and Ward. Almost another third of interested shoppers would head for the Big 3. □

Dept./specialty stores top outlets

	Luggage		Watch		Facial Moisturizer		Child's Car seat	
	'84	'85	'84	'85	'84	'85	'84	'85
Past purchase '84/ Might buy '85	9.7%	2.2%	30.2%	5.5%	27.5%	12.1%	6.0%	1.7%
K mart	2.8	3.2	11.0	7.5	3.7	3.6	3.5	6.7
Other discounters	7.6	13.7	12.2	17.4	8.1	7.0	20.9	14.2
Sears	9.7	15.0	4.5	6.3	1.0	1.0	19.8	21.4
Montgomery Ward	5.5	9.8	6.5	7.2	1.5	—	5.8	5.8
J. C. Penney	13.1	8.4	3.4	3.0	1.0	—	9.3	3.2
Department stores	16.6	28.7	11.0	10.2	20.0	22.6	1.2	6.4
Catalog showroom	13.1	7.7	9.1	20.0	1.0	—	11.6	31.8
Specialty stores	19.3	11.2	22.7	19.8	5.9	7.1	16.3	5.0
All others	12.3	2.3	19.6	8.6	57.8	58.7	11.6	5.5

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Males may boost moisturizers

Will Dick Clark give moisturizers respectability with men the way Jim Palmer did with fashion underwear? Clark's line of men's skin products, including facial moisturizer, may help breach this final frontier.

Retailers will need those male shoppers. Only 12.1% of shoppers surveyed said they plan to buy moisturizer in the next year, down from 19% in '82. Of those surveyed for the *CSA*/Leo Shapiro & Associates study, 26% of those who indicated they might buy moisturizer in the next year were men.

Also clouding the picture is the fact that shoppers intend to spend less on moisturizer than in the past. In '83, shoppers expected to pay $5 on average; in '84, only $4.

Despite this interest in low-end facial moisturizers, neither discounters nor the Big 3 look to pick up any more business. Since consumers indicated that location and

Majority of specified brands fall into low-end	
Oil of Olay	16.9%
Clinique	6.0
Revlon	5.2
Estee Lauder	3.8
Ponds	2.9
Noxzema	2.9
Aloe Vera	2.2
Almay	1.5
Store brand	30.2
No brand preference	28.4

Source: *Chain Store Age*/Leo J. Shapiro & Associates

convenience of stores, combined, were as important as good prices (25.5% shopped for price, 22.8% for location/convenience), it would be reasonable to expect that discounters, especially, would be more readily shopped.

That's not the case. Both drug stores and department stores, the leading outlets for shoppers in '83 continued to pick up market share in '84, each with about one-quarter of potential shoppers. Discounters would only be shopped by 1 in 10 shoppers in '84. □

Luggage sales rise along with travel

With the improvement in the economic picture and the favorable position of the dollar abroad, Americans are traveling once again. According to the U.S. Travel and Tourism Administration, about 5% more Americans will go abroad this year than in '83.

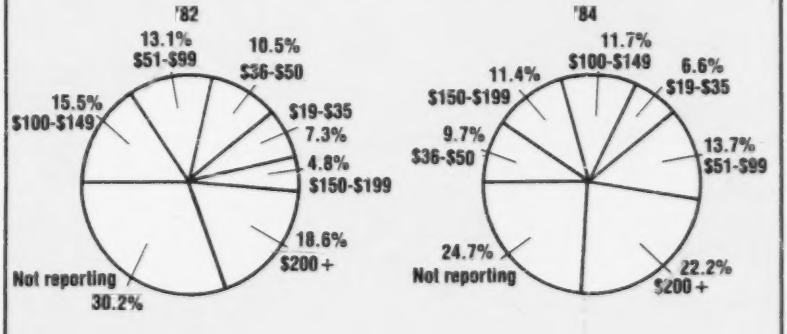
Shoppers who once postponed buying luggage are now inclined to make a purchase. In the 1981 *CSA*/Leo Shapiro survey, only 21.1% of those interviewed did not plan to delay buying luggage. This year, 38% will not delay.

Demand for brands is up slightly over the past two years. Still, more than half of the shoppers interviewed plan to buy an advertised brand.

Although consumers are still price-conscious—almost one-third say price is the determining factor in where they shop for luggage, and half of all purchases are made on sale—this shopper is willing to spend more on luggage than in previous years. The mean price consumers expect to pay for luggage in '84 is $164, compared to $159 in '81. In '82, more shoppers paid only $100-$149 for luggage than in '84. More shoppers are more apt to spend $150-$199, or $200 or more, than in the past. There's also been a dropoff in under $50 price points, according to the survey.

Shoppers most likely to make a luggage purchase this year include those in managerial, sales or military occupations, those with incomes over $30,000, and college or graduate degrees. This customer is also getting older. Two years ago, shoppers aged 20-24 were most likely to buy luggage. In '84, the 40-44-year-old group held the highest potential for luggage sales. □

Shoppers willing to pay more than in past



Source: *Chain Store Age*/Leo Shapiro & Associates

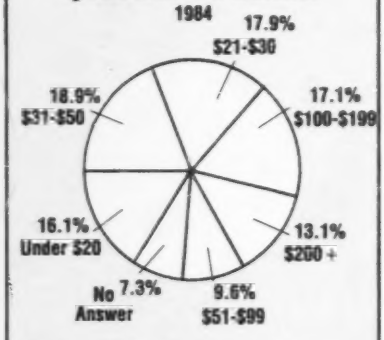
Shoppers plan watch purchases

Consumers are more carefully planning watch purchases this year and relying less on impulse, the *CSA*/Leo Shapiro & Associates survey shows.

Although watch purchasers are still highly price conscious—more than half bought their last watch on sale—they plan to spend more.

More shoppers in the '84 survey planned to spend $31-$50 or over $200 on their next watch, and fewer would spend less than $30 than in '83. Casio and Seiko look to pick up more business in the coming year, while Bulova and Timex were less likely to be purchased in '84 than in '83.

Shoppers planning to spend more on watches



Source: *Chain Store Age*
Leo Shapiro & Associates

This shift toward higher price points and away from traditional brands may be because this year's most likely shoppers tend to be young—under 29—and affluent, earning more than $40,000 annually.

Although discounters still hold 18.6% as the place to go to purchase a watch, they appear to be losing business to the catalog chains and catalog showrooms. One-fourth of all potential shoppers plan to buy a watch at a discounter, but another 20% apiece plan to make a purchase at either a jewelry store (indicating a loss of 10% from '83) or a catalog showroom (an increase). Nearly that many also plan to visit Sears, Penney or Ward, with Ward in particular gaining market share. □

***Jeans shoppers of today** are older than those in previous years.*

Jeans losing fashion status

Is the great American love affair with blue jeans on the wane? It would appear so from the most recent *CSA*/Leo Shapiro & Associates survey.

Not that shoppers aren't buying jeans. Expectations seem to have changed, with consumers viewing jeans as a basic item, rather than a must-have, fashion look.

More shoppers, both male and female, plan to buy jeans in the coming year than did those surveyed in '81. In '81, only half of all shoppers planned to buy jeans; today, it's nearly two-thirds. But more '84 shoppers indicate they would delay buying jeans than did those in '81.

Where customers shop also indicates they are looking for basics. Price is the most important reason for shopping a particular outlet, with more than 4 of 10 customers giving this as a reason. For women, selection trails quality as a reason to shop. Selection is slightly more important to men, but even here runs a poor second to price.

Shoppers plan to spend less on jeans in '84. More women will be paying less than $20 for jeans, while somewhat more will pay $20-$29.99 and $30-$39.99 than in '81. Nearly two-thirds of female shoppers plan to pay less than $20 for jeans in '84, a full $2 less than in the '81 survey.

Not surprisingly, shoppers are moving away from department and specialty stores toward the catalog chains and discounters. Back in '81, the largest percentage of men, over 30%, planned to shop at a specialty store. That group will now be heading for a discounter. So will women, who were partial to specialty stores and department stores in '81, each with about 30% market share then. Thirty-five per cent of '84 women plan to shop a discounter for jeans; another one-fourth will still go to a department store.

Although the catalog chains are the No. 2 choice for men in '84, fewer women plan to shop there in '84. This is especially true of Sears, which gained favor with men but lost female customers.

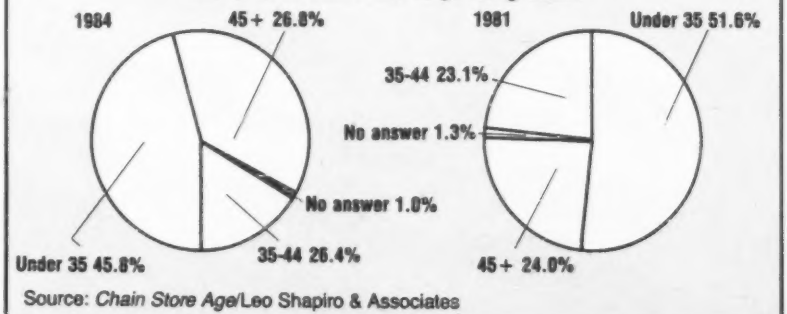
The current jeans shopper is getting older. In the '81 study, more than half of all jeans buyers were under 35. In the '84 survey, that percentage dropped back to 45.8%, while the percentage of 35-39-year-olds and the 55+ group indicate more interest in jeans. □

Is activewear nearing a peak?

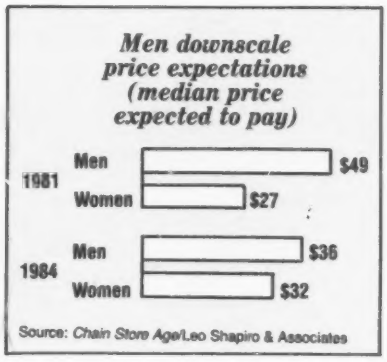
The percentage of shoppers looking for activewear—matching pants and top—has doubled since the 1981 *CSA*/Leo Shapiro & Associates study. This follows right along with the market trend, as activewear sales have also doubled in the same period, jumping from $5 billion in '81 to an estimated $10 billion in '84.

But signs are that the category may be nearing a peak, especially

The jeans customer is getting older



Source: *Chain Store Age*/Leo Shapiro & Associates



for men. In '81, 4 in 10 male shoppers said they'd delay buying an activewear outfit if they were to curtail spending. In the most recent survey, 65.2% of male shoppers were prepared to postpone buying.

Women have remained more consistent. Nearly two-thirds thought they could postpone buying activewear in '84, the same as in '81. Last year, only a little over one-half were willing to postpone buying activewear.

The activewear shopper is no longer the young and trendy but the older and more sedentary customer. In 1981, nearly half of all potential customers fell into the 20-35 age group. This year, only 42.9% are that age. The percentage of customers in the 55-and-over age range, however, has more than tripled since '81.

Male shopper's expectations of what they want in activewear have changed. Back in '81, men thought they'd pay $22 more than women. Women have upped the amount they are willing to pay, to $32, which is more consistent with the $36 men say they'll pay.

This lower price range means more men will be shopping at discounters and Sears, Penney and Ward. In the '81 study, men were most interested in shopping at department stores.

Women plan to shop department stores primarily in '84, followed by discount stores. Both types of outlets gained market share among women. The losers in this battle are the catalog chains. Only Penney looks to pick up more female activewear customers. K mart, however, has increased market share considerably among both men and women over the '81 survey. □

Men seek better athletic shoes

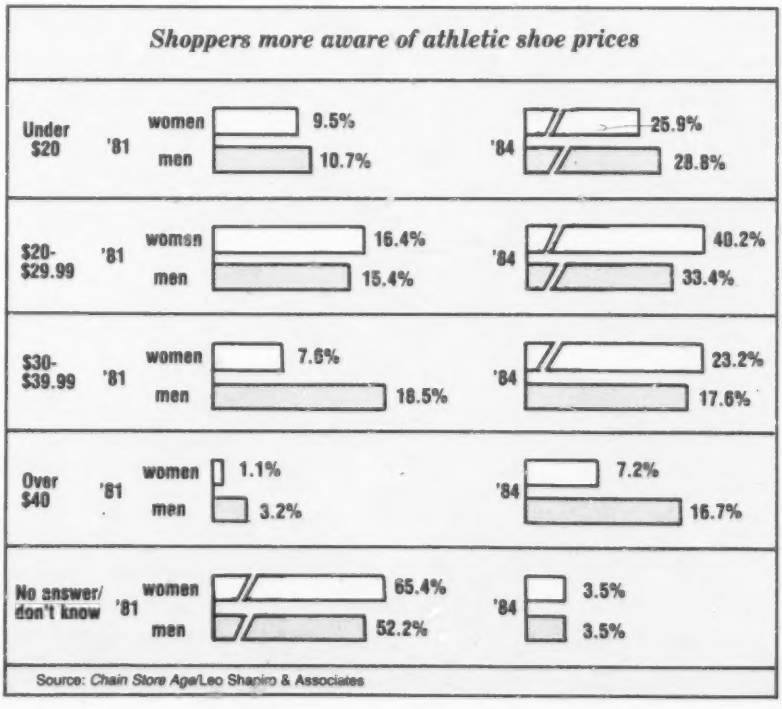
When it comes to choosing athletic shoes, men are fussier than women—and the difference is becoming more pronounced. In the 1981 *CSA*/Leo Shapiro & Associates survey, both men and women expected to pay about the same amount for athletic shoes—women an average of $25, men $26 on average. In the most recent survey, there was a full $2 difference between the average price women and men expected to pay. Women again anticipated that they would be spending less: $23, compared to the $25 men were willing to spend.

Women continue to be split between shopping the more expensive outlets for athletic shoes, including department and specialty stores, and low-end outlets like discounters and off-price chains. About one-quarter said they expected to buy their next pair of athletic shoes at a specialty store; almost another one-quarter would go to a discounter. One-eighth would head for a department store. In the '81 survey, the Big 3 catalog chains were the most popular outlets for athletic shoes for women.

In contrast, Sears, Penney and Ward were low on male shoppers' lists back in '81, but in the most recent survey had picked up market share. The most popular outlets for men today are discounters, sporting goods chains and shoe specialty stores. Fewer men planned to go to discounters and sporting goods stores than in the '81 study.

While almost half the shoppers surveyed in '84 planned to buy athletic shoes in the coming year—almost twice the number who intended to buy in '81—they are also more willing to postpone purchases. In '81, 41% of the men said they would delay buying; in the most recent survey that percentage rises to 46.3%. In '81, 46.8% of the women surveyed said they would postpone buying; in '84 more than half were willing to delay purchases.

Today's shopper is older. More shoppers in the 35 and older age group intend to buy athletic shoes in the next year than in the '81 survey, and this is especially true of shoppers over 55. More than twice as many shoppers over 55 plan to buy athletic shoes. However, the majority of shoppers still falls within the 25-39 group. In '81, 57.8% of the potential shoppers were aged 25-39; in the '84 study, it's 57.3%. □

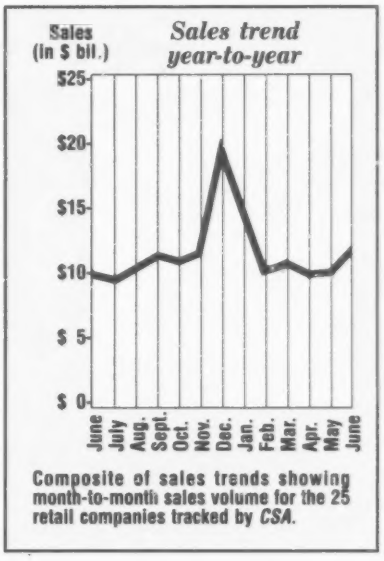


Spending spree starts summer

Continued strong consumer spending boosted June sales 11.4% for the 25 chains tracked by *CSA*. Sales for the five month fiscal year gained 12.1%.

Though volume for the as yet unfinished second quarter stands slightly behind the brisk pace of the first three months, the emerging results are notable, since they compare favorably with strong post-recession figures of a year ago.

Among the Big 3 catalog chains, Penney posted a 17% monthly increase and a 15.2% store-for-store



Composite of sales trends showing month-to-month sales volume for the 25 retail companies tracked by *CSA*.

gain. Seasonal merchandise, especially women's men's and children's sportswear, athletic apparel and traditionally June promoted bedding and bath merchandise set the sales pace.

Sears, the nation's largest retailer, also showed the greatest dollar volume hike with a 7.5% monthly gain to $2.5 billion. Ward slowed significantly from its first quarter pace, showing a 9.6% June rise and an 11.8% year-to-date jump.

Department stores continue to show broad strength. Carter Hawley Hale, having limited its attempted takeover, saw sales rise 21.1%. Associated Dry Goods still leads for the fiscal year with a 20.7% sales increase, but posted a lower 11.2% June hike. ADG's discount stores, including Loehmann's off-price apparel stores, outpaced the department store division, showing a 14.5% jump.

Mercantile lags behind the other department stores with a 6.9% June sales increase and a year-to-date rise of 8.2%. Comparable store results were up 9.8% for the month and 11.2% for the year.

Wal-Mart's sales charge pushed on unabated in June with dollar volume jumping 43.8%. Braintree, Mass.-based Bradlees once again pulled in second with a 25.2% increase.

Radio Shack operator Tandy posted the month's only sales drop, showing a 0.1% decrease from last year's totals. Tandy chairman/ceo John V. Roach cited product shortages and increased price competition for microcomputers as reasons for the disappointing results.

June sales start summer strong

Major chains	% change	June sales* 1984	June sales* 1983	Stores 1984	Stores 1983	5-mo. sales 1984	5-mo. sales 1983	% change
Sears[1,6]	+ 7.5	2,521,740	2,345,454	884	894	10,263,256	9,605,466	+ 6.8
Penney	+17.0	1,106,000	945,000	2,012	2,037	4,477,000	3,807,000	+17.6
Ward[1]	+ 9.6	595,337	543,224	367	376	2,450,601	2,191,402	+11.8
Federated[5]	+12.1	690,200	615,900	N/A	N/A	2,929,700	2,617,200	+11.9
Dayton Hudson	+14.6	698,293	609,382	1,103	1,034	2,832,656	2,426,064	+16.8
May Dept. Stores	+12.0	408,200	364,600	1,645	1,509	1,720,000	1,510,000	+13.9
R. H. Macy	+15.1	388,700	337,800	93	92	1,602,100	1,385,000	+15.7
Allied Stores	+10.2	347,100	315,100	582	549	1,495,100	1,354,900	+10.4
Carter Hawley Hale	+21.1	331,100	273,400	252	234	1,363,800	1,130,900	+20.6
Associated Dry Goods	+11.2	379,800	341,700	325	319	1,508,000	1,249,000	+20.7
Mercantile	+ 6.9	123,355	115,411	78	85	605,010	559,143	+ 8.2
K mart	+ 6.3	1,958,585	1,842,386	2,158	2,134	7,745,399	7,243,403	+ 6.9
Woolworth	+ 5.3	526,434	500,131	N/A	N/A	2,161,322	2,036,[illegible]2	+ 6.1
Wal-Mart	+43.8	525,000	365,000	681	587	2,262,000	1,582,000	+43.0
Household Merch.[2,3]	+ 3.8	508,883	490,088	3,758	3,899	2,203,641	2,148,617	+ 2.6
T.G. & Y.	+22.9	185,842	151,158	771	860	810,891	762,086	+ 6.4
Zayre[4]	+19.3	284,563	238,515	787	671	1,146,931	944,803	+21.4
Bradlees	+25.2	129,000	103,000	128	112	492,000	377,000	+30.5
Murphy	+ 9.0	85,827	78,754	395	416	352,585	332,461	+ 6.0
Rose's	+12.7	69,114	61,339	191	244	348,092	299,228	+16.3
Heck's	+ 8.7	46,100	42,400	122	120	178,000	167,500	+ 6.3
Jamesway	+ 6.9	47,069	44,032	79	75	168,801	150,190	+12.4
Melville	+22.7	406,002	330,811	5,674	5,611	1,681,406	1,416,594	+18.7
Tandy	− 0.1	201,588	203,604	N/A	N/A	1,033,795	979,137	+ 5.6
Edison Bros.	+ 4.5	98,300	94,100	N/A	N/A	442,577	410,681	+ 7.8
The Gap	+16.9	42,200	36,100	575	554	171,800	151,500	+13.4
Totals & Averages	+11.4	12,518,490	11,237,231	—	—	51,635,572	46,075,781	+12.1

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes 2,775 franchise stores (vs. 2,827 a year ago). [3]Includes Von's and T.G. & Y. sales. [4]Includes 276 Zayre stores (vs. 267 a year ago), 376 Hit or Miss stores (vs. 303) and 135 T. J. Maxx stores (vs. 101). [5]Excludes supermarket sales. [6]Includes results from Sears Canada.

Penney, Bradlees to accept Am Ex

J. C. Penney and Bradlees, both attempting to bolster their image as department stores, have each announced plans to accept the American Express card for credit purchases.

Penney rolled out the new credit agreement at a handful of locations in June and plans to expand the program to all its United States retail and catalog operations by fall. Penney chairman William R. Howell said he expects to attract customers who shop with American Express that do not presently shop J. C. Penney stores.

Braintree, Mass.-based Bradlees tested American Express at its Washington, D.C. area outlets earlier this year and has begun to phase in the program chainwide.

CS150-7

Licensing: Saturday's morning war
Circuit City shines in consumer electronics

Chain Store Age

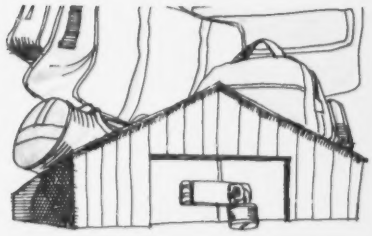
GENERAL MERCHANDISE EDITION September 1984

Retailing's friend or foe?

CEO's rate Reagan

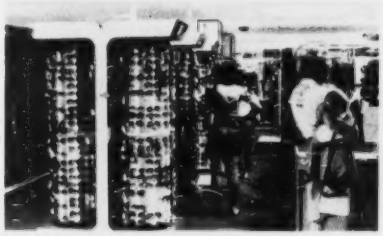
TWO DOLLARS PER ISSUE

IN THIS ISSUE



Protectionism: Who gets protected?

Prices and tempers are rising in view of this Administration's strict import quotas . . . 25



Sunspecs sales to shine in '85

Retailers expect sunglasses at all price points to continue to do well through 1985 85

Rainbows to Robots —toys span spectrum

For the holidays, a series of new action robots are a moving force in boys' toys. 104

Industry News

Is Ronald Reagan good for retailing? 23
New perspective at Danners 3D stores 27
Consumers give Canadian retailers the cold shoulder 30
Elder-Beerman stands firm on tradition 57
Retailers take a good look at music videos 60

Consumer Electronics

Montgomery Ward recharges home electronics 65
Circuit City lights up the South 73

Housewares

Buyers push for holiday gift sales 79
Measured steps in housewares prove successful 82

Stationery

K-Books? How Waldenbooks could help K mart 88
7-Eleven stocks up on computer supplies 93

Sporting Goods

L. L. Bean: Store for sportsmen and city slickers 95

Licensing

Licensed merchandise needs media clout to sell well 111

Health & Beauty Aids

Shampoo buyers in a lather over new choices 114

Domestics

Consumer ignorance trims true tradeup on percales 117
Waterbedding makes a splash at discounters 118

Photo/Camera

Binocular sales to magnify 9% 121

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Is Reagan good for retailing?

Last January, shortly after President Reagan acted to curtail textile imports, *The Wall Street Journal* reported that the move made political senses to Administration members because antiprotectionist forces, "such as retailers, simply don't have much [political] power."

Over the last three-and-a-half years the Reagan Administration has often seemed to operate on the assumption that retailers are fragmented as a group, that they don't wield much power in Washington or represent a significant constituency across America.

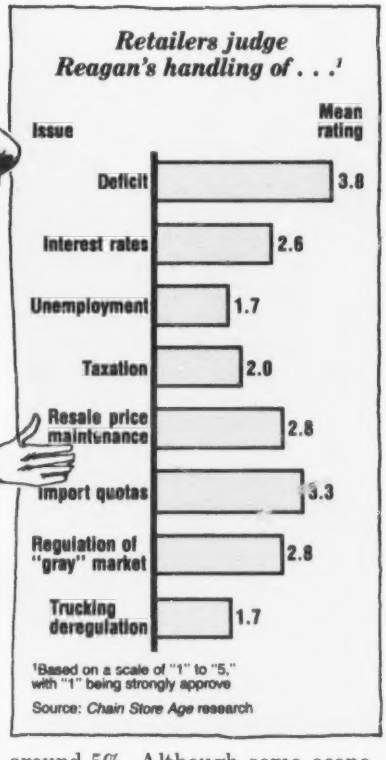
From severe quota restrictions to the resurrection of resale price maintenance, from curtailment of industrial development bond use to proposed regulation of parallel imports, the Administration's position has frequently appeared at odds with the best interests of retailers.

But in those three and a half years Ronald Reagan has also presided over a dramatic economic recovery which has proved a boon for most merchants. Inflation and unemployment are down. Consumers are spending enthusiastically and, as a result, profits have burgeoned.

Two months before America heads to the polling booth, the issue facing retailers is this: Has the Reagan Administration been good for their industry? Is Ronald Reagan retailing's friend or foe?

To find out what the industry thinks of the Reagan Presidency, *Chain Store Age* interviewed retailers and trade association executives who have been close to the key issues. In addition, *CSA* mailed surveys to chief executive officers at 270 of the largest general merchandise chains. Of that group 75, or 27.7% of the sample, responded.

Taming inflation: When asked to judge Ronald Reagan's Presidency, most retailers speak first not about his position on special interest issues but about his handling of the economy. And here the President gets high marks.



"He brought the inflation rate down, and that's been his most important contribution," says the president of a $150 million Midwestern discount chain. "He's helped get Government out of business. That's encouraged a free market."

Reagan Administration has managed to be both a help and a hinderance to the retailing industry

When Reagan took office in 1980, inflation was running in double digits. For 1984, the rate is hovering around 5%. Although some economists believe inflation simply burned itself out and may soon return, retailers are more inclined to believe the President helped whip the problem.

"I agree there has been a cyclic pattern to inflation, but I don't think President Reagan should be deprived of some of the credit for reducing it," says Howard Hayes, president of Spurgeon Mercantile, the variety store chain.

Retailers also feel that the President's tax cuts for both individuals and corporations have had much to do with the current economic prosperity. In a *CSA* poll of ceos at the nation's largest general merchandise chains, 78% of the respondents supported the President's position on taxation. Only 11.3% disapproved of his tax policy.

"Through his tax cuts the Presi-

CEOs vote 'yes' on 2nd Reagan term

Four years in office have not significantly eroded Ronald Reagan's support among the nation's top retailers. Responding to a *Chain Store Age* survey, 88% of the chief executive officers of major general merchandise chains say they plan to back the President for re-election, compared with 96% who voted for him in 1980.

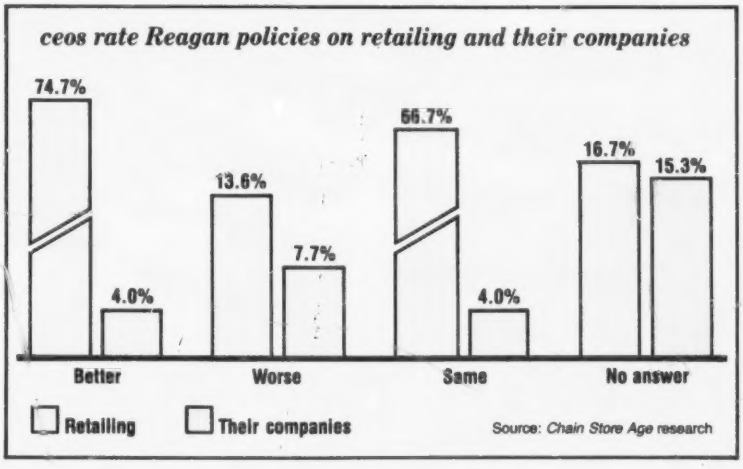
The President's support falls into two broad groups, according to the survey, which garnered responses from ceo's at 75 of the nation's top 270 retail chains.

The largest group consists of those who strongly approve of the President's handling of his job and believe his policies have had a significantly positive effect on the country. Nearly three-fourths of those surveyed by *CSA* believe that retailing is better off today, at least in part, because of the President's policies. Of those who voted for him last time, 89% say that his performance has lived up to their expectations.

The other group consists of retailers who are not enthusiastic about a Reagan Presidency but see him as a better alternative than the Democratic nominee, Walter F. Mondale. The *CSA* study found that 11% of the ceo's who voted for Reagan in 1980 are disappointed with his performance. Of that group, just one plans to vote for Mondale.

"In my opinion, there is no realistic alternative for a businessman," wrote one survey respondent who will support the President. Added another, "Our country deserves better candidates."

Although retailers clearly favor a second term for Reagan, the minority who will vote for Mondale are outspoken in their disapproval of the President. Says the ceo of one of the nation's largest catalog showroom chains about Reagan. "Bad for the country long range. Too much defense spending, bad foreign policy. Taxing the wrong people. Not enough help for the poor."



dent has put more spendable income into consumers' hands, and that has helped boost our sales," says the president of a $300 million catalog showroom chain. He believes that under a Democratic Administration, "Our taxes would be raised considerably."

The President also scores well with retailers for the decline in unemployment, which raged at 10.7% midway through his term but is now down near 7%. Nearly 83% of the survey's respondents credited Reagan with reducing joblessness which, together with inflation, stands as one of the most important issues in an election year.

A question mark: If there is a conspicuous weakness in Ronald Reagan's economic handiwork, it is the enormous budget deficit, which threatens to choke off the recovery. Last March, when consumer spending seemed about to begin declining, Federated Department Stores chairman and ceo Howard Goldfeder voiced a concern about the dangers of a Federal deficit—which has since been echoed by many other retailers. "The deficit represents a very real question mark on the economic horizon," Goldfeder said.

Several weeks later K mart's chairman, Bernard M. Fauber, told reporters at his company's annual meeting that all the talk of the impact of the deficit, especially the prospect of higher interest rates, may have caused "the slight loss in consumer confidence that we have seen over the last 60 days."

Retailers agree: Reagan has brought inflation down and reduced joblessness

As the Presidential campaign has heated up, the White House itself has apparently grown reluctant to discuss possible ramifications of the high national debt. Officials at the White House and for the Reagan-Bush '84 committee declined to comment to *CSA* on the effect the budget deficit might have on retailing.

But on this most volatile issue many retailers hesitate to criticize the President, suggesting instead that the deficit is the result of Washington politicking. In the *CSA* poll 45.6% either voiced outright approval of the President's handling of the deficit or were neutral about his approach to the problem.

In condemning the deficit last March, Goldfeder referred to "short term election year objectives" of both political parties. Some survey respondents simply faulted the Democrats directly for the debt.

"I don't blame the President because he was left with all of those committed programs which have been building up over the years," says John A. Sprouse, chairman of Portland, Ore.-based Sprouse-Reitz.

Great personal feelings: With the economy booming, retailers seem inclined to forgive Ronald

Reagan for such trespasses against their industry as strict import quotas and proposed regulation of the "gray" market. Many merchants simply cannot believe that the President does not have their best interests at heart even though, in the opinion of a lobbyist for one retailing trade association, the Reagan team has sided against retailers on more issues than any other recent Administration.

Consider the case of import quotas, which have increased dramatically in this election year. In 1984 tariffs and quotas will drive up retail prices of apparel and textile products at least $21 billion and severely cut into consumer buying power. Moreover, Commerce Department tactics on issuing quota calls have left many retailers scrambling to replace goods precipitously snatched from them.

Although few retailers stand to benefit from this kind of protectionism, only 42.8% of the ceos surveyed by *CSA* disagreed to any degree with the Administration's policy on imports. The remaining 57.2% either chose to take no stand against it or support the President's position.

"I think that kind of reaction comes from the great personal feelings many retailers have for the President," says Bob Brouse, executive director of the Retail Industry Trade Coalition, which is fighting import quotas. "Many retailers may be reluctant to criticize him."

The President also manages to elude blame for the controversial stand his Justice Department has taken on resale price maintenance. In the *CSA* study a surprising number of ceos of price-competitive retailers, such as discount stores, refused to censure the Administration on rpm.

"Many industry people see Justice's position as a product of a school of thought espoused by Presidential appointees rather than a policy developed by the President himself," says Richard Hirsch, executive director of the National Mass Retailing Institute.

Only 26.2% of those surveyed were displeased with the Administration over rpm despite fears that it endangers the low margin strategies of many chains and would severely restrict the distribution of the brand name goods consumers have shown they want.

"We've seen some toning down of the Justice Department's rhetoric on this issue, but it's still a serious problem," says Ed Borda, executive director of the Association of General Merchandise Chains.

On the proposed regulation of "gray" market imports, which one lobbyist concedes would not even be an issue were it not for new attitudes at the Justice Department and in the Federal Trade Commission, the President is once again not directly tarnished by the position of his appointees. Just 15.8% of the ceos disagree with the Administration's handling of the issue, although the proposed regulations could make the United States "an island of high prices in the world market," according to AGMC's Borda.

Four more years: And so, just months before America renders its judgment on Ronald Reagan, retailers have clearly proclaimed their support for him. They see Reagan as a President whose policies have turned the economy around, and they applaud what they perceive as his laissez-faire attitude toward business. If he has occasionally bent to political pressure and possibly been less than judicious in some of his appointments and policies that is no reason to cast him out of office, they say.

"He has done a lot for this country and needs another term to finish his work," says the president of a Midwestern discount chain. □

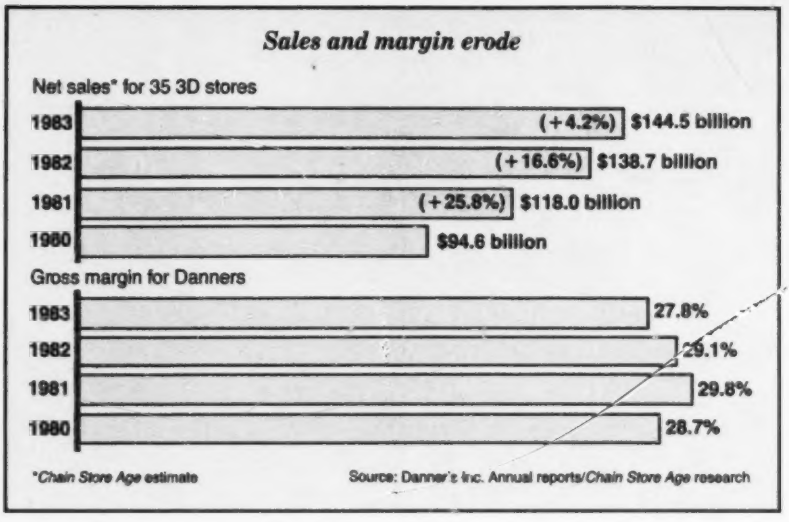
Protectionism: Policies leave chains vulnerable

Somewhere, in warehouses in the Far East and in America, sit $8 million in tote bags and other textile luggage ordered by K mart nearly 12 months ago. K mart's buyers sought that merchandise with the intention of placing it in stores during the current back-to-school season and for Christmas. Promotions were planned, ads designed, displays contemplated.

All for naught—K mart will not sell those tote bags this year. Responding to pressures from fabric manufacturers and labor unions, the Reagan Administration issued strict quota guidelines on the category, shutting off the flow of goods before K mart received its order.

Caught by the sudden action, K mart moved to find alternate merchandise. None was available, even at higher prices. Now the chain must wait until December of this year, well past the intended selling season, to bring these goods into its stores.

K mart's difficulty in obtaining those tote bags is not an isolated case of the hazards of doing business in international markets. Increasingly, say retailers, the Administration's willingness to bend to protectionist interests is cutting off key avenues of supply, raising prices on merchandise that is available, and making importing a risky, troublesome venture.



sis, soft lines have been moved from the right to the left side of the store; the left side is the most heavily trafficked.

"It's an attempt to enlarge soft lines and to use hard lines to our advantage," says Bennett. As a result, he expects the prototype's sales to beat the average by 25% or more in one year. This would raise the Owosso store's productivity to minimally $95 per gross square foot, according to *Chain Store Age*'s calculations.

Like Richway, the newly remodeled store has a 60% hard/40% soft goods mix. Previously, the ratio had been 70/30. More fashion has been added to apparel departments (especially in women's sportswear) while basics have been expanded.

Updated fixturing, upgraded hard and soft lines are 3D's bid for the young, thrifty family

For example, 3D recently jumped on the activewear bandwagon. It currently displays Wilson attire in front of sporting goods on two round fixtures. Items include jogging pants (at $14.99), running shorts (at $9.99) and v-neck, short-sleeve shirts (at $10.99).

Hard lines, too, have been upscaled. As in apparel, new merchandise has been brought in at higher price points while the bottom-end has been pared down or cut out completely, says Bennett.

In fragrances, 3D carries items from Matchabelli, Revlon, Coty and Jean Naté, merchandised on a chrome etagere near health & beauty aids. Previously, the only fragrances carried were a small selection for the holidays.

Despite the upgraded merchandise, Bennett says 3D's aim is to continue to attract the young family with a $15,000 to $18,000 income. In fact, rack signs reiterate this message by reading, "Selection, style and quality . . . at the right price!"

Wherever possible, 3D tries to make a selection statement. The toy department boasts bicycles by hanging 21 sku's from the ceiling, in a display similar to Target's. Each item is tagged with model number, size and prices for assembled and unassembled units.

Phones also demonstrate 3D's merchandising savvy. One side of a slat-backed gondola signed "Telephone Center" features approximately 25 models and approximately 30 pegboarded accessories. Suppliers include G.E., ITT, Sound Designs, Webcor, Kraco, G.T.E. and U.S. Tron.

Moreover, Bennett notes electronics' adjacencies have been improved. Management pulled cameras and records together with other electronic merchandise such as stereos, clock/radios and computers. □

Canadian consumers give retailers the cold shoulder

***Canada's top** 10 retailers are showing a slow but steady recovery.*

Depending upon whom you ask, the state of retailing in Canada is either as bleak as winter in the Northwest Territories or much improved.

Technically, Canada is no longer in the midst of a recession but in a slow growth period. However, this "growth period" is characterized by a 12% unemployment rate with inflation hovering around 8%.

Department store sales were up only 6.2% from April '83 through April '84, according to Statistics Canada. Fortunately for retailers, the retail inflation rate of 3.9% is far below the national inflation rate. Jim Newton, chief economist for Management Horizons in Columbus, Ohio, notes real sales growth for retailers was 4.7% in '83. Expectations are it will reach 4.5%-5% this year, then drop to 3% in '85.

Newton is more optimistic than other observers about the Canadian retail scene. "I don't know why they're so pessimistic up there," he says. "The Canadian recovery is not as energetic as the United States, but it's still quite good. The Canadian consumer is coming out of his shell."

Even in the best of times, though, it's more difficult to get Canadians to part with their dollars. Personal savings are much higher than in the

The grass is always greener on the other side of the border

Canadian retail chains have plenty of *room* for expansion, but not in populated areas. Ninety per cent of Canadians live along a narrow band that hugs the United States border.

Retailers are looking to greener pastures in the States for expansion. This is not a new trend, but one that is on the upswing as the United States economy has recovered faster than Canada's.

Since F. W. Woolworth and Kinney Shoes expanded into Canada, the Canadian divisions have been responsible for some profitable specialty store concepts. Foot Locker, Lady Foot Locker and Fredelle are all store ideas that originated in Canada and have since been brought successfully into the United States.

Success has proved elusive for other Canadian chains venturing south. Consumers Distributing, for example, derives 41.1% of sales from its United States catalog stores. Only the United States East Coast region, however, is contributing to profits.

Canadian Tire entered the United States market in 1981 when it acquired White Stores in Texas. After revising sales and profit estimates, 1984 is targeted to be the year the United States division will make a profit.

Reitmans, Canada's third-largest specialty-store retailer, acquired St. Louis-based Worths women's apparel stores in 1979. Worths was profitable when Reitmans took over; it hasn't turned a profit since. Nevertheless, Reitmans has expressed interest in acquiring Penningtons, a large-size specialist which already has a United States operation.

Dylex, the largest specialty-store company, is looking to the United States, where it expects to achieve half its sales in the future. Already this year, Dylex has acquired NBO, an off-price men's wear chain, Wet Seal, a California women's wear chain, and Wet Seal, a California women's wear chain, and has offered to buy the 670-unit, $336 million Brooks Fashion Stores, a nationwide chain of women's specialty stores. Dylex also plans to bring its Tip Top operation into Chicago in 1985.

In their search for American profits, which continue to evade them, Canadian retailers may have overlooked potential back home that American chains are eying. Toys "R" Us has opened units in the Toronto area, with plans to take the toy specialty chain coast-to-coast.

States. Although savings as a percentage of disposable income dropped last year from 15% to 12%, shoppers appear unlikely to allocate any more dollars to stores.

In a May survey by the Conference Board of Canada, higher-income consumers are most pessimistic about the economy, while low-income shoppers are most optimistic. But low-income shoppers in Canada, with real wages lower than in prerecession times, have little disposable income.

Retailers in Canada's western provinces of Alberta and British Columbia continue to be hardest hit. Those are the areas that are most dependent on income from natural resources. Saskatchewan, Canada's corn belt, has remained mostly stable throughout the economic downturn. Quebec and Ontario, Canada's most populous provinces, are recovering fastest.

The bright spots will continue to be specialty stores, deep discounters and, among full-line retailers, apparel and major appliances departments. Bob Knox, vp/public affairs at Sears Canada (formerly Simpson-Sears), the largest retailer of white goods, notes that appliance sales are up this year. But 1983 results are skewed because of a "sales tax holiday" in Ontario on white goods that resulted in phenomenal increases. There is still a pent-up demand, economists feel, for big-ticket lines that consumers have postponed buying, even though housing starts are down.

Sad song: Full-line, nationwide department stores are singing the saddest songs. "Department stores in Canada are a terrible mess," says

Top 10 Canadian retailers

Chain	'83 sales* (000 omitted)	'82 sales* (000 omitted)	% change
1. Hudson's Bay Co.	$ 4,371,000	$ 4,139,000	+ 5.6
2. Sears Canada Inc.	3,314,000	3,137,000	+ 5.6
3. T. Eaton Co.[1]	2,373,000	2,200,000	+ 7.9
4. Canadian Tire	1,903,000	1,789,000	+ 6.3
5. F. W. Woolworth Canada	1,739,000	1,670,000	+ 4.1
6. Woodward Stores Ltd.[2]	1,120,000[1]	1,104,000	+ 1.4
7. K mart of Canada Ltd.	1,001,000	944,000	+ 6.0
8. Consumers Distributing[3]	899,000	788,000	+14.1
9. Dylex Ltd.	822,000[4]	549,000	+49.7
10. Towers Dept. Stores[5]	443,000	405,000	+ 9.4
Totals	17,985,000	16,725,000	+ 7.5

*All figures in Canadian dollars. Fiscal year ended January 1984, except Sears, ended February. [1]Estimated. [2]Includes revenues from food operations. [3]Includes revenues from U.S. operations. [4]'83 sales include acquisition of BiWay. [5]Includes drug operations.
Source: Clayton Research Associates Ltd. and *Chain Store Age* research.

Paul Goldstein of the *Globe & Mail* in Toronto. Frances Phillips of the *Financial Post* adds that these chains haven't reached their profit potential since the early 70's—long before Canada's most recent recession. Chains have expanded too fast, are competing in malls against each other and discounters with the same lines, and have, for the most part, inferior management. One retail observer notes: "They're getting rid of people on the floor [as a cost-cutting measure] but not cutting management."

The best-run company among the top department stores is Sears, says Phillips. Like its United States counterpart, Sears is keeping abreast of changing times by bringing in Store of the Future refurbishing techniques. It is also experimenting with a men's specialty store, Sears Men's Wear, in Montreal. Popular Sears brands in the United States like Cheryl Tiegs and Arnold Palmer have also made an appearance.

Woodward's, with stores just in British Columbia and Alberta, will get through '84 with flat sales and a slight profit decline, says Grant McLaren, president. Woodward's, he says, has had to be more innovative "by necessity." It has managed to survive in part because of its in-store supermarket operation, which provides 40%-50% of volume.

Simpson's, which the Hudson Bay Company bought in 1979, has dragged the company down, says Martin Kaufman at Nesbitt Thompson. Layoffs of 1,600 full- and part-time employees by November will save between $20 million and $25 million, he estimates, but the division will still lose more than that pretax. The Bay division will probably make a profit this year, Kaufman feels, while the discount division, Zellers, has done well throughout the recession.

Canadian department stores are looking to United States chains for answers, says Goldstein. For example, some are bringing in gourmet and specialty foods as a way to differentiate themselves, and Goldstein thinks this has helped. Most importantly for the long run, Goldstein concludes, is that Canadian department stores "have to realize they can't be all things to all people anymore." □

—Marsha Parker Cox

***There's little distinction** between discounters and department stores in Canada.*

No distinct niche for discounters

Discounters in Canada are finding it increasingly difficult to create or locate their very own market segment. The top discount chains—Woolco, K mart, Zellers and Towers—are termed "junior" department store chains. Since there are few freestanding stores in Canada (due to zoning and climate), most find themselves sharing mall space with a real department store—and going head-to-head for the same customer.

Discounters can't even compete on price with the department stores. "Department stores are de facto discount stores," says Pete Jarmosevich, director of economic and consumer analysis for K mart Canada. "Virtually every week, they're running 30% off sales." The full-line Canadian department stores have much more merchandise overlap with discount chains than do department stores in the United States. It's not uncommon to find the same roach-trap endcap display at a discounter *and* department store in the same mall.

There is also very little distinction between the discounters themselves. "If we didn't have the name on the door, customers wouldn't know where they were," says K mart's Jarmosevich. The discounter image is its tremendous advertised specials. "But with everyone carrying the same merchandise the customer just waits for someone to have it on special," he adds.

The junior department stores are also getting blistered on price by discounters like Bi-Way, Miracle Mart and Consumers Distributing. These chains carry smaller assortments than the juniors, but are very promotional on what they do carry.

The way out of the dilemma is to go upscale, Canadian discounters have reasoned. Zellers, one of the first to upscale, is now the shining star at the Hudson Bay Company. Thanks to contributions from the $1 billion (Can.) division, which accounts for only 30% of sales, Hudson's Bay will probably make a profit this year, says Martin Kaufman, analyst at Nesbitt Thompson.

K mart and Woolco, on the other hand, are playing catchup, thinks Paul Goldstein at the *Globe & Mail* in Toronto. K mart's Jarmosevich admits the stores had been neglected while the chain was concentrating on expansion. K mart plans to have 18 (of 120) stores completely redone by January, with another 15 scheduled for refurbishing next year. Only two to three new stores will be opened per year, compared with the 8%-10% expansion rate previously.

Unlike the United States operation, K mart does not take a cookie-

K mart Canada uses four to five prototypes for new stores, targeted to specific demographics

***Many shoppers are turning away** from polyester in favor of cotton and cotton percale sheets.*

Consumer ignorance trims true tradeup

Are retailers and manufacturers pulling the wool over consumers' eyes in "better" sheet lines? A look at what consumers say they want—and what they are actually getting—indicates that both department stores and discounters may soon be up against a natural fabric demand.

Consumers want percales, according to a *Chain Store Age*/Leo Shapiro & Associates survey. However, they appear not to know what the term means. For most shoppers, percale merely indicates better quality. Today, however, the consumer seeking percale sheets is choosing from a wide range of goods, not all of which have the quality they expect in a percale.

In department stores, percales can refer to the near-percales (160 threads per inch), which often amount to 10%-15% of stock. Under current trade practices these cannot be legally termed percales. In legitimate percales (180 and higher thread counts) shoppers can choose among all-cotton goods, cotton blends and high polyester blends. Percales found at discounters, which are few, are usually high in polyester. The 200-count, Gloria Vanderbilt "prestige" line for discounters, for example, is 80% polyester.

In a survey of Hartford, Conn., domestics consumers, respondents indicated that "percale" was their first choice of fabric; nearly one-third chose it. Next was cotton, chosen by 2 out of 10 shoppers. One in 10 wanted either a 50% cotton/50% poly blend or permanent press. Far fewer than 1 in 10 shoppers looked for polyester sheets, even at discounters.

Confusion over the term 'percale' causes many consumers to lose out on quality thread count

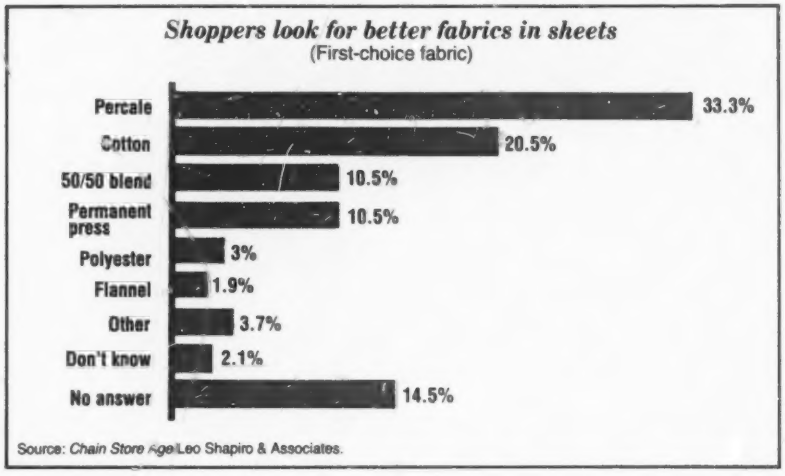
Unfortunately, these same customers do not know what percale really refers to. Almost one-third of department store shoppers said 120- or 130-count sheets were percale—more than catalog chain shoppers or discount shoppers. Only 4 in 10 domestics shoppers correctly guessed that percale referred to 180 and above counts. Additionally, 14.1% claimed not to know at all what the term meant.

When it came to fabric content, discount shoppers were just as demanding as their department store counterparts. More than one-third of the discount shoppers wanted percale, and another one-quarter wanted all-cotton or 50/50 blends.

Department store retailers acknowledge that stocks today must reflect more cotton. With the better lines that have high-poly content, says a source at a $350 million East Coast department store chain, "you downplay the polyester." He adds that manufacturers would be wise to bring cotton sheets down into lower price ranges.

Rick Smith, dmm/textiles at Dallas-based Sanger-Harris, see a "swift movement away from high-polys and more calls for 100% cotton or at least 50/50 blends." He adds that Sanger-Harris won't go with a 160-count, high-poly blend anymore "unless it's for a super promotion where we can barrel out a ton of goods."

Even manufacturers seem to realize they've gone as far as they can



go with poly sheets. J. P. Stevens backed off from a proposed 200-count, all-poly line. "That would have been a disaster," thinks Sue Belt, sheet buyer at the Broadway.

Where does this leave discount shoppers? Still at the tail end of the tradeup trail, unfortunately. Although Steven's prelaunch survey for the Gloria Vanderbilt line found that consumers did not *object* to polyester, they apparently don't *want* it. Once the top of the line at discounters, the Vanderbilt sheets are being promoted at lower prices today. Bradlees, which carried the full flat sheet at $14.99 when the line was launched, now has it at $12.99 regularly, $8.99 sale. This indicates that even discount customers aren't willing to pay the price for polyester. □

Waterbedding makes a splash

Department and specialty store retailers who think waterbedding isn't important enough or is just a West Coast phenomenon may be sending customers into the arms of discounters. Even on the West Coast, which tops the nation in waterbed sales, not enough department stores are giving waterbedding sufficient space.

When department stores do carry waterbed linens, the assortments are limited. A source at a $330 million, East Coast department store chain says, "We only carry linens for the waterbed customer's convenience. We're getting more requests now, but less than 10% of bed sales on the East Coast are waterbeds."

Joel Kaplan, trend director/home furnishings at the Dayton Hudson Stores Company, says that while the chain is more aware of waterbedding, the category is not expected to become a big department store business. Where carried in the Dayton's and Hudson's stores, however, waterbedding receives its own fixturing.

Out West, waterbedding gets short shrift at The Broadway, which doesn't carry the category at all. Not that The Broadway has anything specific against waterbedding. Says Sue Belt, sheets and bed toppings buyer, "There are other classifications where we feel we don't do the job we should." The Broadway will concentrate on beefing them up. "There are just so many dollars to go around and we don't want to take money away from business that gives us pluses."

Lack of enthusiasm by department stores leaves a void to be filled by national discounters like K mart and regionals. At K mart, "every store has the option to carry waterbedding," says Marilyn Gill, domestics buyer. All of the full-size stores do. Success with the category depends more on store location than region, Gill says. "There are stores in Detroit that do just super." In those stores that warrant full treatment, K mart devotes a 71/2-ft. gondola run to sheet sets, comforters, mattress pads and chemicals.

Caldor is making a commitment to waterbedding in the Northeast. During its July white sale, five styles of Springs Mills waterbed sets were promoted on the sale circular cover, priced at $21.88-$29.88. Comforters and mattress pads were also included. Similarly, K mart featured two Springs Mills styles in its June white sale at $19.88-$26.97.

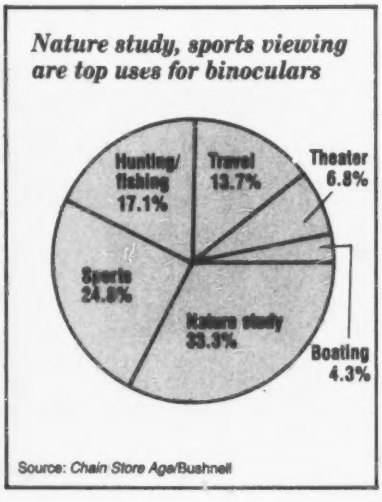
One reason discounters are taking to waterbedding like ducks to water may be their previous experience with sheet sets. Discounters sell the bulk of all sheet sets and are judged by Seymour Seidman in *The Seidman Report* to have the best growth rate in the sheet and pillow case industry. Department stores all but ignore prepackaged sets.

In addition, the small market for waterbedding at present lends itself to an endcap or gondola run display, not to the shop approach depart-

***Other bedding** classifications usually squeeze out waterbedding.*

ment stores prefer. However, as discounters become more like department stores in merchandising domestics— more piece business and shopification à la Gloria Vanderbilt—will waterbedding get put on the back burner at these outlets, too? An ominous sign: Caldor's East Coast rival, Bradlees, featured Gloria Vanderbilt in its white sale, which ran concurrently with Caldor's. Waterbed sets were nowhere to be seen. □

***Most consumers** use binoculars for nature study or sporting events.*



Binocular sales looking up—9% boost expected

The sleeper growth category in photo/camera for the fourth quarter won't snap a single picture on Christmas morning, but will bring smiles to a department in search of an upward-trending product and higher margins.

According to *Chain Store Age* estimates, binocular unit volume for the final three months will increase 15% over the strong sales for the same period last year. With the bulk of the sales growth at the under $60 retail level, dollar volume will increase 9%.

In 1983 over 2.6 million binoculars were sold industrywide. This year's totals should top 3.1 million. Industry sources tag retailers' gross margins at a healthy 25%-35%.

Binoculars already enjoy a 47% household penetration. The typical binocular user, according to National Family Opinion research and warranty return card information provided by Bushnell, is male (63.5%), between the ages of 25 and 54 (69%) with an average age of 41, married (79%) and has children living at home (44%).

By region, over 1 out of 4 binoculars (26%) are sold in the North Central States. The Pacific region accounts for 18% of sales with the Middle Atlantic States at 16%, the South Atlantic with 15%, South Central at 13% and the New England and Mountain States each posting 6%.

If binoculars can be easily handled—not locked in cases—new customers may take the chance and buy

Though binoculars are often durable enough that they are handed down from one generation to the next, and technological improvements do not create obsolescence, the best customer for binoculars is one who already owns a pair.

"The person who saw a need to buy binoculars in the first place also sees the need to buy another pair," says Tasco executive vp Sheryl Rosenfield. "He says to himself, 'These are too big for my trip, I need a smaller pair,' or 'I need a rubber-covered pair for the boat.'"

Rosenfield suggests that retailers carry minimum six sku assortments which will better attract the repeat binocular customer. The Tasco vp also cites successful full-assortment promotions by Bamberger's and Macy's California as effective strategies for maximizing both repeat business and first time sales. Rosenfield says price promotions targeted at a single price point will not capture a large enough market response to profitably increase volume.

Other retailers have begun new merchandising schemes to boost sales. Discounter Wal-Mart is currently restructuring its entire binocular display by pulling product out from behind locked glass cases and onto peg boards. The Bentonville, Ark.-based mass merchant is betting that customers who can handle and inspect binoculars will more easily overcome buying resistance.

One issue that has yet to be effectively addressed by either manufacturers or retailers is how to trade the customer up. The benefits of a $79 binocular over a $69 or even a $39 pair are not immediately obvious to most consumers.

A knowledgeable sales staff might be expected to serve this function, but as the binocular business increasingly moves into self-service departments, store signing programs and manufacturer packaging will need to differentiate the assortment and move the customer up more effectively than either currently does. □

July sales spring ahead 11.7%

Major chains	% change	July sales* 1984	July sales* 1983	Stores 1984	Stores 1983	6-mo. sales 1984	6-mo. sales 1983	% change
Sears[1,5]	+ 1.1	1,905,008	1,884,227	880	890	12,168,263	11,489,693	+ 5.9
Penney	+18.4	799,000	675,000	2,007	2,027	5,276,000	4,482,000	+17.7
Ward[1]	+ 5.9	448,973	423,916	367	375	2,899,574	2,615,318	+10.9
Federated[5]	+12.3	465,300	414,400	N/A	N/A	3,395,800	3,031,600	+12.0
Dayton Hudson	+15.8	478,833	413,560	1,116	1,044	3,315,844	2,839,624	+16.8
May Dept. Stores	+16.0	278,600	240,200	1,655	1,514	1,991,400	1,745,500	+14.1
R. H. Macy	+10.3	225,600	204,500	94	92	1,827,700	1,589,500	+15.0
Allied Stores	+ 6.6	219,100	205,600	585	550	1,714,300	1,560,500	+ 9.9
Carter Hawley Hale	+23.7	232,900	188,300	254	235	1,596,600	1,319,300	+21.0
Associated Dry Goods	+ 7.4	225,900	210,200	325	319	1,734,000	1,459,000	+18.8
Mercantile	+ 1.5	114,786	113,040	78	85	719,768	672,183	+ 7.1
K mart	+ 8.2	1,483,664	1,370,646	2,159	2,136	9,229,063	8,614,049	+ 7.1
Woolworth	+ 7.4	397,616	370,384	N/A	N/A	2,558,927	2,406,979	+ 6.3
Wal-Mart	+29.6	482,000	372,000	684	599	2,744,000	1,954,000	+40.4
Household Merch.[2,3]	+ 3.1	394,060	382,296	3,751	3,886	2,597,701	2,525,914	+ 2.8
T.G. & Y.	+ 1.0	132,204	130,889	768	845	943,095	892,975	+ 5.6
Zayre[4]	+22.3	179,927	147,064	790	686	1,326,858	1,091,867	+21.5
Bradlees	+35.8	91,000	67,000	128	112	583,000	444,000	+31.3
Murphy	+ 3.7	61,784	59,573	393	411	414,369	392,035	+ 5.7
Ross's	+ 8.9	62,701	57,575	191	239	410,793	356,803	+15.1
Heck's	+22.0	31,100	25,500	122	119	201,607	188,644	+ 6.9
Jamesway	+15.9	33,105	28,569	79	76	201,906	178,759	+13.0
Melville	+ 2.1	283,977	278,172	5,784	5,604	2,190,053	1,880,315	+16.5
Tandy	+ 5.7	190,050	179,659	N/A	N/A	1,223,845	1,158,796	+ 5.6
Edison Bros.	+13.3	82,800	73,100	2,211	2,166	525,377	483,781	+ 8.6
The Gap	+15.7	31,700	27,400	589	554	203,500	178,900	+13.8
Totals & Averages	**+ 9.4**	**9,195,484**	**8,411,881**	—	—	**61,050,248**	**54,659,060**	**+11.7**

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes 2,753 franchise stores (vs. 2,829 a year ago). [3]Includes T.G. & Y. sales. [4]Includes 278 Zayre stores (vs. 269 a year ago), 377 Hit or Miss stores (vs. 316) and 135 T. J. Maxx stores (vs. 101). [5]Excludes supermarket sales. [6]Includes results from Sears Canada.

Sales strong, but double digits down

Across the board double-digit sales gains have run their course as 1984 volume is now compared against increasingly strong post-recession 1983 figures. The 25 chains tracked by *Chain Store Age* marked July sales 9.4% ahead of the same period last year. Volume for the first six months is up 11.7%.

Sears, the nation's largest retailer, saw July United States sales 2.7% higher than last year. Combined United States-Canadian totals, negatively affected by a 4.5% drop in Sears Canada volume, increased 1.1%, Sears' smallest percentage rise in 23 months. Figures for the first half show United States sales up 6.9%, and Canadian operations posting a 3.9% gain.

J. C. Penney July sales continued on an upward swing, increasing 18.4% over last year. Store-for-store results were up 18.5% for the month and 17.6% for the first six months. Montgomery Ward comparable store figures increased 6.8% for July and 12.6% for the first half.

Carter Hawley Hale led the department stores with July volume for department stores rising 22.6% and specialty store operations up 26.7%. For the year-to-date, comparable store figures for the department stores show a 19.3% gain, with specialty stores increasing 14.9%.

Among the discounters, K mart's 8.2% July gain outpaced its 6.3% June increase and six-month pace of 7.1%. Store-for-store results were 6.8% over last July and 5.6% above last year's first half figures.

Radio Shack operator Tandy continues to show disappointing sales. Volume for Tandy's United States Radio Shack division declined 1% in July, with comparable store figures dropping 3%.

GARFIELD and COMPANY

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